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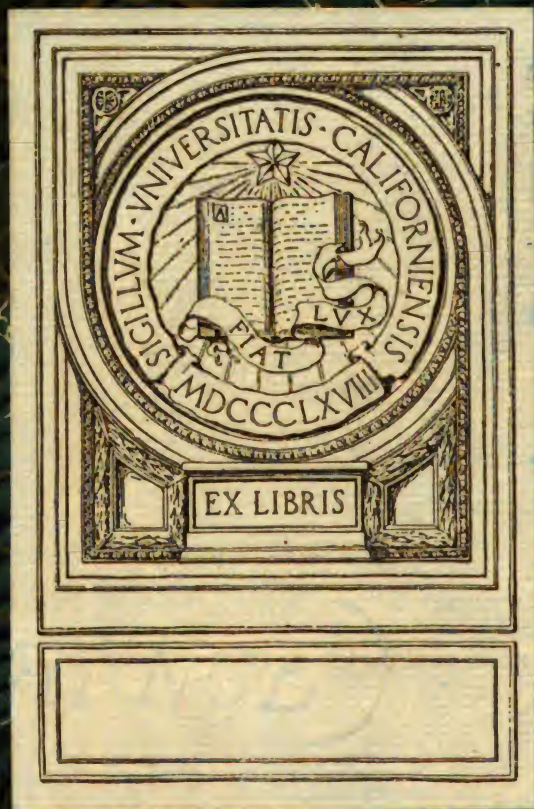
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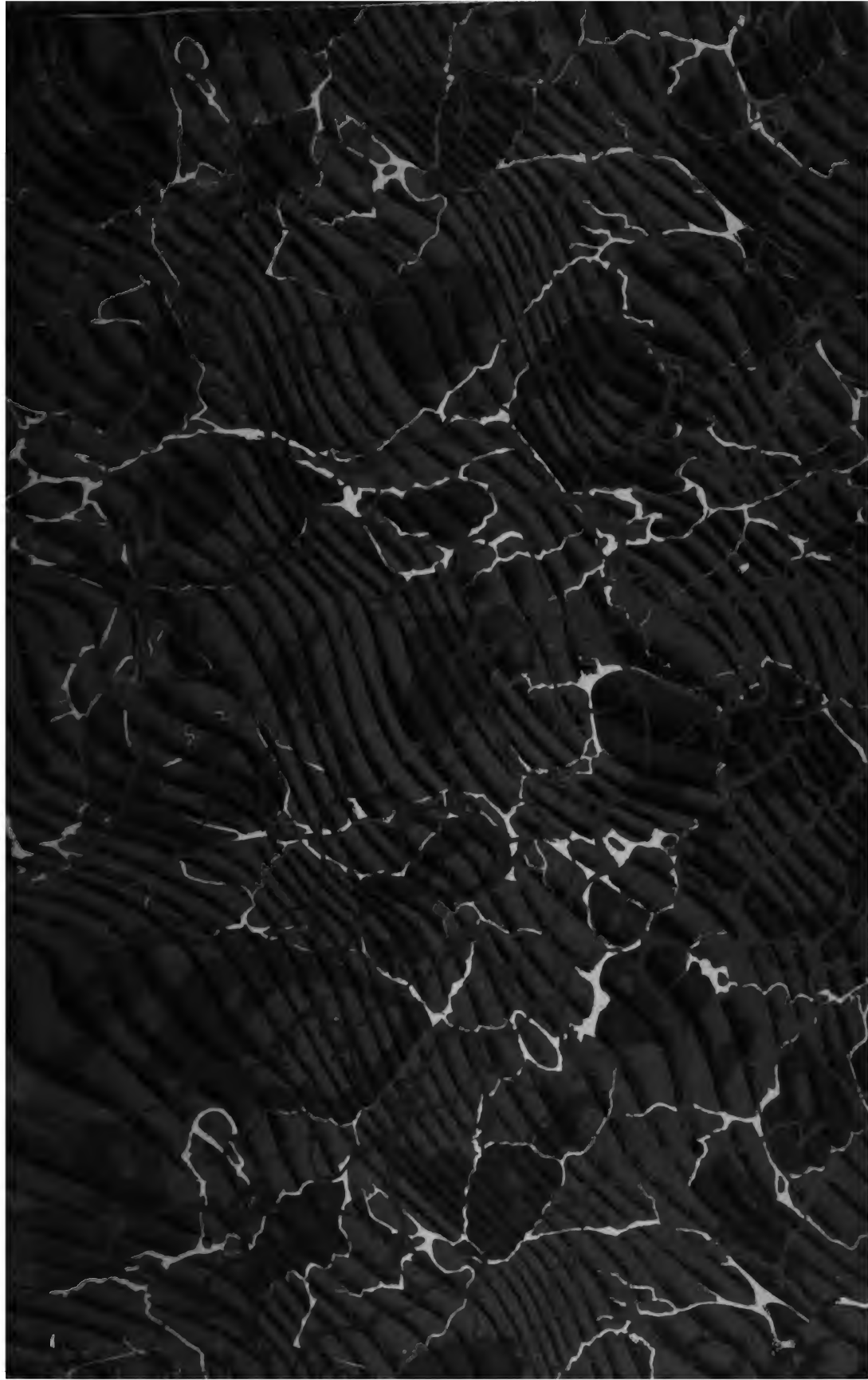
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NO CONPROMISE PEACE

"THAT THESE DEAD SHALL NOT HAVE DIED
IN VAIN"

GOVERNMENT COMPETITION IN BANKING

THE CAUSE OF THE RISE IN PRICES

FINANCIAL RELATIONS BETWEEN THE UNITED
STATES AND CANADA

HOW TO BUY COMMERCIAL PAPER

THE THRIFT CAMPAIGN vs. "BUSINESS AS USUAL"

By Professor C. C. Arbuthnot

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More Complete Devotion to the Cause

GERMANY'S latest atrocities should serve to fire the soul of every American with unextinguishable hatred against that aggregation of international pirates. By attacking and sinking helpless and unarmed fishing boats and passenger steamers containing men, women and children, peacefully and lawfully on the high seas, but near our own shores, Germany has committed the final act of piracy which will render this country merciless when the accounting comes with the military autocracy in control of that country's destinies.

Geronimo and Sitting Bull were savages pretending to none of the nobler qualities of civilization. They did not blasphemously call on God while murdering infants sleeping in their cradles, as the Kaiser has done. If their extirpation became necessary to protect mankind, how much more essential that the Kaiser and all his brood and followers shall be swept from the face of the earth.

To this end—and nothing short of this will ever satisfy the aroused spirit of America—our people must from henceforth firmly devote themselves and all they have—giving up all their possessions and the life of every man, woman and child in the Republic's broad domains rather than that there should be any cessation of this mighty conflict until a repetition of its barbaric horrors shall be made forever impossible.

The recent sinking of ships near the American shores is in line with Germany's policy. When the *Lusitania* went down, joy-bells were rung in Berlin. When a hospital or church is bombed, and nurses, the sick and wounded, or helpless women and children—kneeling perhaps in divine worship—are murdered, shouts of exultation are heard in the streets of Germany's capital.

In the name of all that makes life worth the living, these things must stop and stop forever. If any American has heretofore failed to devote himself unreservedly in heart, soul, mind, energies and material completely to this service, the time for him to lay all upon the altar of his country is now.

No Compromise Peace with the Barbarians

AMERICANS must set their faces like flint against any peace suggestions coming from the ravishers of Belgium, the despoilers of France and the Lusitania murderers. The only peace that this nation shall ever be satisfied with is that which the President of the United States and our gallant Allies shall prescribe to Germany at the sword's point. However long the way, whatever the cost in money and in men, we can never for a moment talk peace with those who have broken every covenant they have ever made and whose word is less valuable than dicers' oaths.

We entered this fight for the purpose of winning it, and our resolution never to stop until that end be achieved must continue unshakable to the end. Our expenditures in money may reach the stupendous sum of one hundred billions of dollars and millions of our gallant sons may die on the battlefields of Europe before that end is reached, but we must—nay, we shall—keep on unfalteringly until complete victory is ours.

Eternal vigilance is said to be the price of liberty. Ours must be that eternal vigilance which shall insist that no peace is ever made with the Potsdam gang of assassins; that no American shall be found base enough to sit at a peace table with them and exchange polite diplomatic phrases with this band of pirates and cutthroats.

We are fighting for a peace that shall reassert our own violated rights and that shall give protection to the nations of the world from the thieving and murderous propensities of a gang of international robbers and murderers. For that peace we shall continue to fight until victory is gained, and in that day of victory we shall—one hundred millions of us with a united voice—demand that Germany be brought sternly to account.



“That These Dead Shall not Have Died in Vain”

THOSE hundreds of thousands of our boys who are now in Europe defending the nation's honor and its existence, and the millions of others who shall follow them, will have died in vain unless the victory for which they are fighting and which in the end they will achieve shall be made complete.

It may be as well recognized now as later that America and Germany are engaged in a death-struggle, and that before it shall

end the Teuton barbarism must be destroyed beyond the hope of resuscitation. There must be left no possibility that America and the world shall again have to face the horrors of the past four years. To destroy the immediate members of the German military clique will not answer. The brutalism of which they are the consummate flower must be eradicated from the German mind. For this a few years' penance may not suffice. A short probation as a preliminary to receiving Germany and Austria again into the circles of civilized nations would merely give to these pariahs an opportunity to plot fresh crimes. They would doubtless occupy the probationary period in getting ready for another war on a larger scale:

"And e'en in penance plotting sins anew."

Since their promises can no longer be trusted, they must be deprived of the power of again deluging the world in blood. Wild animals filled with the lust of blood and destruction are either shot or caged. The first remedy is obviously the one which should be applied to the brutal leaders of the German military clique, including all the present excellent life-insurance risks among the male members of the Kaiser's family, although conservative opinion quite generally favors a slower form of punishment for these guilty wretches. For the German people, confinement within their own dominions without any relations with the rest of the world for a generation or longer may give them enough time to change their spiritual and mental viewpoints. If not, the season of probation may be extended as may be necessary. There will be plenty of work for them to do in repairing the devastation they have wrought in France and Belgium and in earning the revenues to keep up the interest cost and sinking fund on the war debt of all the nations, which should stand as a charge against Germany in the world's ledgers until completely extinguished.

In any event, whatever punitive measures are put into effect against Germany, the damage to civilization through the unholy ambition of that nation can never be repaired. No vindictiveness which the most fiendish brain could devise would atone for her atrocities. Only that justice conceived in the mind of Omnipotence can redress the wrongs she has deliberately committed. For a thousand years the very name of Germany will be accursed and reviled as the symbol of infamy. The innocent blood she has shed would incarnadine the multitudinous seas, making the green one red. No perfumes of Araby shall sweeten her loathsome hands, nor all the rains in the sweet heavens make them again white like snow.

As the German people have themselves deliberately chosen to play the role of international assassins, they must accept the place to which history will forever assign them and bow beneath the irrevocable doom pronounced against them by Holy Writ: "The

wicked shall be cast into hell, with all the nations that forget God."

Our boys are going to their death in Europe not for territory or for money. They are dying that the right-minded peoples of the world may again live in security and peace. This result never can be assured so long as the German military clique accurse the earth by their presence, nor until the poison of military ambition is forever eradicated from the German mind.

A peace that does not assure this result beyond question can never be accepted by the United States. Let us see to it that our dead shall not have died in vain.



Government Competition in Banking

CAREFUL observers of recent tendencies in American banking can not have failed to note the increasing hold which the Government is acquiring on this line of business. The greatest step in this direction was, of course, the enactment of the Federal Reserve Law, which gave the Government all but absolute control of the country's banking and credit. Another step in the same direction was taken by the enactment of the Postal Savings Bank Law and the Federal Farm Loan Act. By the first measure a Government depository was provided for those persons, chiefly of foreign birth as was generally alleged, who did not have confidence in the ordinary banking institutions of the country. In addition to furnishing long-term credit facilities to the farmers, it is stated that the Federal Farm Land Banks also may receive deposits. This feature was referred to in a recent address before the Savings Banks Association of the State of New York by Hon. Myron T. Herrick, who said:

"In the Federal Farm Loan system there is now about one national farm loan association for each of the 3,028 counties. These associations may receive deposits from any individual, firm or corporation without any limit as to individual or aggregate amount. They can issue one-year deposit certificates at four per cent. convertible into bonds of the land banks, which bonds are instruments of the Government. So the Government practically guarantees principal and interest of the deposits. The land banks may also receive deposits from any individual, firm or corporation holding a \$5.00 share."

Whatever may be said as to the propriety of the Federal Reserve and Farm Loan Acts surely it can not be claimed, under present

circumstances, that any real necessity exists for the Postal Savings Bank. With Liberty Bonds in everybody's reach, on a payment as low as one dollar a week, and with War Savings Stamps procurable for sums as low as twenty-five cents, there is no reason why anybody desiring to invest savings with the Government should not be accommodated, even if the Postal Savings Bank did not exist.

Most certainly all of us wish to see the Government obtain all the funds needed to carry on the war; but what with unlimited taxing powers, the Liberty bonds and the War Savings Stamps, it is difficult to understand why it is necessary for the Treasury to go into competition with the existing banks in securing deposits. These deposits, contributed by the people of the respective communities where the banks are located, are needed to maintain local enterprises which must be sustained even in time of war; and especially since the banks are strong financial supporters of the Government, this competition becomes all the more inexplicable.

Governor Herrick wisely points out that the way for the banks to meet this competition is by more effective local service and to strive to keep any depositor from having a dead account.



Principles in Regard to Guaranty of Bank Deposits

IN the opinion of the Comptroller of the Currency there is urgent necessity that Congress should pass the bill providing for a limited guaranty of deposits in national banks. In the opinion of the New York Clearing-House Association the bill ought not to be passed at all. Some of the reasons why it ought not are thus stated:

"Such a proposition is in violation of common justice and common fairness. The stockholders in a bank in one locality would be mulcted in loss to compensate for the mismanagement of banks hundreds or even thousands of miles distant and over which no mutual control or relationship exists."

There is justice in this contention. If, however, all banks were members of a local organization—a clearing-house with somewhat broadened powers—and this organization had supervisory control over the member banks, the latter might assume general responsibility to depositors. In practice this responsibility would perhaps not amount to much, for a bank failure would be as rare as honor among the ruling classes in Germany. But since the Government

undertakes to supervise the banks and allows failures to occur, why should it pass the responsibility for its own shortcomings over to the banks?

Another objection to the guaranty proposal made by the New York Clearing-House Association is less valid:

"Our people should be allowed to exercise wholesome discrimination in the banks they select, as well as in their business activities in general. Individuality and individual initiative are cardinal qualities of success, and these qualities would be impaired if people are to be taught by legislation to rely upon the Government to help them in their ordinary individual transactions and in the exercise of ordinary judgment."

Something superior to "ordinary judgment" is required in exercising discrimination among so many banks as exist in this country. Clearly one can not rely either upon the supervision exercised by the state or federal authorities. Such supervision is beneficial, but has not prevented disastrous failures. Nor can one tell by the published statements. Only an expert can make much out of these. Not infrequently a bank fails when its latest statement has shown a large apparent surplus. Nor can even the personnel be relied on entirely, for "good" men go wrong in banks as elsewhere. It has happened that bank officers honored by their fellow bankers have suddenly revealed tendencies of the worst kind of delinquency in managing their institutions, deceiving the very elect. Age and reputation do not always give assurance of safety, for the names of many such institutions could be recalled whose long and honorable careers have ingloriously ended. Of course, there are some tokens by which the safety of a bank may be judged; but to keep your funds in a bank which is always sound requires, perhaps, more than ordinary discrimination. That this view is widely held appears from the fact that many people have such distrust of their ability to pick a sound bank that they refuse to trust any bank whatsoever.

If banks are to be held jointly responsible for each other's debts they ought to have a large measure of supervision and control over the institutions whose debts they may be called to pay. Gradually a system embodying this principle was being evolved, but this development was destroyed by the enactment of the Federal Reserve Law.



The Cause of the Rise in Prices

AT least as old as the hills is the controversy over the causes which bring about a general rise in prices. This matter has been made the subject of a recent investigation by a select committee of the British House of Commons. Some of the commit-

tee's conclusions have been published in this country, and they are of interest, because the rise in prices not only tends in many cases to make living more difficult, but it is also vastly increasing the cost of war.

The inquiries of the British committee show that between July, 1914, and November, 1917, the price of food in the United Kingdom increased by 106 per cent., while if all of the items comprised in the expenditure of a working class family are taken into account, including food, rent, clothing, light and so forth, the increase in the cost of living as a whole is about eighty-five per cent.

While the committee of investigation admits that the extension of bank credits due to the war has had its effect, it is to be noted that the stock of gold in Great Britain had decreased instead of increased, while in so far as relates to the advance in prices as related to the volume of outstanding currency, the committee expressly states that "the issue of paper currency * * * plays a very subordinate part." It admits that the amount of currency has largely increased, probably by about fifty per cent., but the increase is the result of the growth of transactions and of prices, and is not the cause of them.

The chief causes of the rise in prices are thus stated by the committee:

"The falling short in the supply of goods as compared with demand.

"The expenditure of payments, made by the Government for commodities and services, in buying goods for private consumption."

In a paper on "Inflation," published in the "American Economic Review," Professor E. W. Kemmerer of Princeton University investigates a phase of the same subject. He finds, for example, that the percentage of cash reserve to total deposits in banks has declined from 12.5 per cent. in 1910 to 10.6 per cent. in 1917; bank deposits have increased by sixty-eight per cent. for the period 1913-17; total clearings increased eighty-one per cent.; the total monetary circulation for 1917 was forty-five per cent. more than in 1913, an increase of about seventy-six per cent. in the gold circulation since 1913, as compared with forty-five per cent. in the total circulation and twenty-one or twenty-six per cent. in the growth of business. The reduction in required bank reserves and the ease with which funds may be procured of the Federal Reserve Banks are also factors which are noted by Professor Kemmerer.

That an actual rise in wholesale prices has taken place is a matter of common knowledge. Professor Kemmerer gives a table of index numbers showing 99 in 1910 and 178 in 1917. In concluding his examination of the various factors mentioned Professor Kemmerer says:

"We have now examined the more important evidence as to the extent of inflation in the United States, and as to its causes, and have found reasons for believing that there has been a very substantial inflation of the currency and circulating credit of the United States since the war broke out, but more particularly during the years 1916 and 1917, and we have seen how this inflation has found expression in a very great rise in general prices affecting all sorts of commodities."

While admitting that inflation has some advantages, such as tending to check consumption of luxurious articles through a rise in their price, Professor Kemmerer points out this danger:

"Inflation creates a dangerous optimism in the financing of the war, for it lulls the public, and often the authorities themselves, into the belief that it is getting the necessary wherewithal for financing the war more fully and more easily than it really is. If we inflate our circulating media enough we can doubtless float any loan we undertake. We can secure any sum of money we set out to secure, but that does not mean we shall secure the munitions, supplies, and labor, the obtaining of which is the only purpose of the Government's securing the money. The money, of course, is only a means to an end. If we fail to secure the end itself, it avails little that we have secured what we originally thought would be the means. If we set out to obtain twenty billion dollars, the sum needed to meet imperative war expenditures for a given period, assuming a given price level, and if in securing that money, we so inflate the currency as to raise the prices of the things the Government wants twenty-five per cent., we will have 'a successful loan flotation,' and be able to pat ourselves on the back that everything is going well, and that more rigorous economies in consumption are no longer necessary; but we will fail in our loan, for the Government will have secured only eighty-cent dollars, or, in real purchasing power, only sixteen billion dollars instead of the twenty billion dollars actually sought for. We will have deceived ourselves, and such an optimistic delusion will be an obstacle in the way of those drastic economies in consumption and that nerve-racking speeding up of production that are so urgently needed for the successful prosecution of the war."



Thrift and "Business as Usual"

MANY people are deeply concerned over the efforts being made by the Government to limit non-essential production and to increase the production of those goods indispensable to the successful prosecution of the war. It may be admitted that the term "non-essential industries" is inaccurate, as most terms are; but it

probably fairly characterizes what people mean by the expression. A better term might be "least essential industries."

What is meant by either of these terms, in present discussion, is those things not needed in some way to help in winning the war.

A little reflection will convince anybody that there are many things to which most of us are accustomed that might be dispensed with. There is chewing-gum, for example. But those who favor "business as usual" will tell you that unless the maximum of chewing-gum production is maintained the manufacturers of that article and the workers engaged in its production will not have the money with which to pay taxes and to buy Liberty Bonds and Thrift Stamps. Perhaps, however, this loss would be more than offset by the greater purchase of Thrift Stamps and Liberty Bonds and the increased taxes which could be paid by the millions who are now buying the chewing-gum, paying for the cost of its production and a profit on its sale. But the argument is fallacious in another respect. How does anybody know that if those now engaged in the chewing-gum industry were to devote their energies to the production of some more useful article needed in defeating Germany, they would not make as large a profit as they are now making?

The article mentioned above is taken at random; obviously there are other articles even less essential. The list might be almost indefinitely extended without trenching on any of the real necessities of life.

Stated concretely this whole matter may be thus summed up: if there is enough material, labor, capital and credit to furnish the Government with all the supplies needed to win the war, and also enough material, labor, capital and credit to provide the people with the necessities and also the less essential things, why then there is no reason to curtail the production of the latter.

Of raw materials of nearly every sort this country has an abundance. But raw material that can not be utilized has no value beyond that of a reserve stock. Coal in the ground furnishes no energy to turn factory wheels. As to capital and credit they will have to be conserved if the country's prosperity is to be maintained. By careful management we may have enough to carry us through the war. Certainly there is none to waste. Have we all the labor needed? Thoughtful men hold the view that our production of food, ships and war material could be greatly increased if there were an addition to the labor supply. This we can only have by importation, by putting the idle to work (not a great number in the aggregate), by more largely employing women and children, or by setting labor free from the least essential industries—the latter the most obvious and effective remedy, for we are thus releasing capital, credit and materials as well as labor.

All these matters are very clearly reasoned out in an article in

this issue of THE BANKERS MAGAZINE from the pen of Professor C. C. Arbuthnot of Western Reserve University. It will repay a careful reading.



Financial Relations Between the United States and Canada

THE very large Canadian debit balance originating on account of trade relations between this country and the Dominion can no longer be adjusted, as formerly, out of credit balances created by our northern neighbor through exports to the mother country. This fact has quite seriously affected the value of Canadian currency in our markets. The difficulties of the matter were thus referred to in a recent address of Sir Herbert Ames, M.P. of Montreal, delivered before a meeting of the Cleveland Chamber of Commerce:

"Take the exchange situation. Canada last year sent to Great Britain her products, mostly food and munitions, to the value of \$860,000,000. She imported of British goods about \$80,000,000. That is our exports to Great Britain exceed our imports to the extent of \$780,000,000.

"In our dealings with the United States, however, these conditions are reversed. While we took \$790,000,000 of your products, we were able to send you only \$440,000,000 of ours, thus creating an adverse trade balance against us of \$350,000,000. Now in normal times it would have been possible to use our credit in London to offset our debt with you, but such procedure is impossible to-day. Britain cannot settle her trade balances in cash. So the balance of exchange as between our two countries is heavily against Canada, and our Canadian dollar is at a discount in the American market."

Sir Herbert Ames pointed out that either we must grant Canada additional credits or that his country must cease to import American goods, adding that Canada much preferred that the former course be taken. He also urged that the United States should make use of the very large facilities which Canada already has for supplying war materials of various kinds. While realizing the necessity which now exists in this country for discouraging public borrowing, Sir Herbert said: "Let it be remembered that Canada before the war was a borrowing nation. The public works carried on by our governments, railway and public service corporations came from Great Britain. This source of supply has been

cut off. Yet there are still legitimate developments which require capital. For us there is but one place to seek it, and that is from you."

The eminently practical character of the present situation was thus referred to:

"I make my plea on grounds not only sentimental, but eminently practical. I claim that it is greatly in the interest of the United States that Canada come through this war without suffering serious financial impairment. In pre-war days we were your second largest customer, and will doubtless after the war occupy the same position. In view of our common future and of the trade relationships which after the war will grow up between us, we appeal to you to help in keeping Canada in a sound financial position."

It is too obvious to require argument that any serious impairment of Canada's industrial and financial situation would react unfavorably upon this country in the long run if not immediately. Just now there are special reasons why the productive activities of the Dominion should be sustained at their highest capacity, for the Allies need every bit of help that can be afforded from this source. On the ground of close relationship, our economic policies should have careful regard for the prosperity of Canada, and, as Sir Herbert Ames observes, there are eminently practical reasons for such coöperation now.



An Impolitic Measure

THE section of the War Revenue Act which imposes additional charges on second-class postal matter divides the country into a series of zones for the purpose of determining such rates, requires a separate rate on reading matter and advertising contained in publications coming within the second-class designation, and which further complicates matters by imposing a different rate of postage for a series of years, is a piece of very unwise legislation.

This is said wholly irrespective of the fact that the increase in second-class postal rates contains an element of injustice under present conditions in the publishing business.

Objections to the measure in question rest upon far more important grounds.

One of the most cherished possessions of this country consists in the prevailing spirit of nationality. That spirit existed before the war, but has been vastly intensified by the mighty struggle,

for we all have been made to realize as never before how vital is national unity to national existence.

What have been some of the important factors in producing this spirit of nationality? We are not of one race or clime, but of many races and climes. We have not all spoken the same language, but many languages. Our interests were not always the same, at least apparently, as witness the conflict between the agricultural and manufacturing sections. Even our ideals of the functions of government itself are not everywhere the same.

And yet, despite these and other differences, there is an undoubted spirit of Americanism abroad in the land, which may be felt as clearly in the farthest South as in the farthest North—on the Atlantic and on the Pacific shores.

Answering the question raised above, it must be admitted that the spirit of the colonial settlers did much to make this a compact nation. At the birth of the Republic, almost, they welded the straggling colonies into a union which later was indeed threatened but which has never been dissolved and never will be. As means of communication developed, the early settlers of the Atlantic Coast gradually moved westward—some from the South into Carolina, Pennsylvania and Kentucky; others from the North into New York, Ohio, Indiana and Illinois; and, later, there came from these sections again the migration across the Mississippi and to the Far West. Thus the streams of our civilization, arising from a similar source, diverged for a time and broadened, only to mingle again and finally to become united in the broad ocean of nationalism.

This is no mere picture of the fancy, but an actuality known and witnessed of all who have been students and spectators of our national growth and development.

Means of communication, of travel especially, had much to do with this movement. But hardly less important was the facility with which ideas were communicated quickly from one section of the land to another. And this facility of spreading ideas has had as its chief instrumentality the innumerable newspapers and magazines, circulating now by the millions with no reference to geographical limitations prescribed by the place of publication. By this means—not exclusively, but largely—a real national public opinion has been created. The United States of America has thus become a nation, not a mere aggregation of parishes held together by no substantial ties.

If the second-class postal rates are so changed as to fix the charge for transporting such publications according to the zone system, it will tend to limit the circulation of newspapers and magazines to the zone of publication. In other words, to substitute for the present national periodicals others whose viewpoint will tend to become local and parochial. Does any thoughtful person believe that, under pres-

ent conditions especially, the country can afford to take such a step? Ought we not to safeguard our national spirit as one of our most priceless possessions, and jealously protect it from any measure that would even tend in the slightest toward its weakening or destruction? Shall we learn no serious lesson from the disintegration with which Russia is now cursed?

Again, why should advertising be penalized as something to be discouraged and repressed? Does not advertising render a service of great value to the manufacturer, the merchant, and to the buyer as well? Is it not one of the important factors in our national prosperity?

If the Government believes, under all the circumstances, that the publishers of second-class mail matter ought to pay heavier rates of postage, let there be a flat increase in the pound rate, irrespective of zones, or of advertising, for the reasons stated.



Accumulation of Gold in the Federal Reserve Banks

THE process of accumulating gold in the Federal Reserve Banks has now resulted in bringing about two-thirds of the country's total gold stock into these institutions. Before the process ends this percentage will be still further increased until substantially all the country's gold is either held by the Federal Reserve Banks or by the Treasury. There is held by the latter some \$250,000,000 of gold as a part of the reserve which the Treasury is required to hold for the redemption of United States notes and to maintain the parity of other forms of money coined or issued by the United States, and for other purposes.

This may not be an opportune time to simplify the country's financial system, but in view of the rise in value of silver and the comparative unimportance of United States notes relative to the whole volume of the currency, the necessity for a special gold reserve to be held by the Treasury practically disappears. Of course, so long as there are United States legal-tender notes outstanding, and so long as there are legal-tender silver dollars of less intrinsic value than their face imports (or certificates issued against such dollars), adequate provision should exist for the redemption of these obligations in gold. If the silver issues, under the recent policy, were permanently discontinued, the current redemption of the United States notes would be a small matter, which could doubtless be cared

for through the Federal Reserve Banks, the Government making necessary transfers of gold to these institutions for that purpose. In the long run it would work out so that the gold which the Treasury holds would serve as a cover for the issue of additional Federal Reserve notes. This plan would involve the ultimate retirement of the greenbacks and would be open to one serious objection—it would leave the country without any legal-tender paper, and thus tend toward encouraging the bestowal of that function on the Federal Reserve notes—a danger which should be carefully avoided.

Going back to the accumulation of gold in the Federal Reserve Banks, there is no doubt of the wisdom of such a policy under present circumstances. Substantially this places the country's gold reserve in the hands of the Government—where it ought to be in a time like this. For the purpose of hand-to-hand circulation the Federal Reserve notes, with their present gold cover, supply all reasonable demands of soundness and safety.



A Corporate Farming Enterprise

UNDER the presidency of Thomas D. Campbell, an experienced large-scale farmer of Grand Forks, North Dakota, the Montana Farming Company has been organized with a capital of \$2,000,000. Associated with Mr. Campbell as directors are the following: J. S. Torrance, San Francisco; Frederick W. Stevens, Ann Arbor, Mich.; J. P. Morgan, Charles H. Sabin, James A. Stillman, Charles D. Norton, Maxwell Upson, Francis H. Sisson of New York.

It will be the aim of the new organization to furnish facilities for the growing of wheat on some of the great Indian reservations in Montana and Wyoming, with the possibility of bringing under cultivation in the near future from 150,000 to 200,000 acres of choice land, a substantial part of which is already under irrigation. Secretary Lane of the Department of the Interior is reported as favoring the plan as a means of increasing the production of wheat.

The experiment will be watched with interest, for it represents an attempt to apply to farming some of the same methods of management which have proven successful in other lines of business. Of course, farming can best be carried on by farmers; by men who have experience and have demonstrated their ability to produce corn, wheat and other crops. It is not probable that Mr. Morgan, Mr. Stillman, Mr. Sabin and the other well-known financial gentlemen associated with Mr. Campbell in this enterprise will themselves plow

the ground or sow and reap the wheat that will be grown on this vast and fertile domain. But they will do some things of almost if not quite equal importance, and will supply some elements hitherto lacking among too many of our farmers. In the first place, they will operate with sufficient capital, not borrowed, but provided out of their own funds, thus bringing to the conduct of farming all the well-understood advantages which follow the possession of capital. Besides, assuming that the gentlemen comprising the board of directors will exercise the same shrewdness that they have shown in other lines of business, they will avail themselves of the most efficient management, the latest implements and machinery, and the best labor. Nor will they fail to see that the most prolific seed grain is used, and that fertilizers are such as the particular kind of soil needs—that is, if the virgin prairies of Montana and Wyoming require any chemical stimulation of plant growth. Proper systems of accounting may be expected to afford a trustworthy guide as to the success of the undertaking.

There has been a good deal of complaint of haphazard farming methods. How far these criticisms are justified is not known. Probably on the average the farmer conducts his business about as well as anybody else; certainly he is not lacking in industry and economy.

But the entrance into farming of a corporation with large capital, directed by men of wide and successful financial experience, may serve a most useful purpose in supplying to the conduct of that vital industry some of the elements of financial and business management which it has heretofore lacked. Should the experiment prove successful, it may bring about closer coöperation between the farmers and those commonly classed as capitalists. Quite possibly, in the course of their experiment, the financiers may get a first-hand knowledge of some of the difficulties under which the farmers of the country are laboring. This, at least, may beget a more sympathetic attitude between the capitalists concerned and the farming community.



***“THIS is a time for judgment, for patience,
for level heads, for patriotism, and above
everything else, the grit that stands and fights
and never gives up.”***

—JUDGE GARY

The Thrift Campaign Versus "Business as Usual"

By C. C. ARBUTHNOT, Professor of Economics, Western Reserve University, Cleveland, Ohio

"The surest way to defeat would be to use so much of our economic strength in the production of unnecessary goods for home consumption. We should be economical in the creation of goods actually required by civilians and fighting sources."

THE movements represented by the slogan "business as usual" on the one hand and the thrift campaign on the other have put so many able and patriotic citizens into opposing camps that it is more than desirable to analyze the conflicting opinions with a view to making clear the points upon which the two groups differ.

There is no difference between the opponents in regard to spending for what is necessary to maintain health, strength and efficiency. The crux of the controversy lies with what the advocates of thrift call luxuries or goods that in their judgment could be done without, with no particular loss of effectiveness in civil life, public or private. The "business as usual" advocates refuse to classify goods as luxuries and necessities, or regard such classification as impractical in operation, or believe the whole business structure is so unified that cutting off part will be ruinous to the whole. They therefore resist beginnings in this direction, fearing that such a policy if started will end in disaster.

There are three main contentions of the "business as usual" group whose examination will bring to light the reasons for the controversy:

(a) The profits of business are necessary to accumulate the wealth required to win the war.

(b) The productive powers of the country should be speeded up to carry the war burden in addition to creating the commodities needed to maintain the usual level of consumption.

(c) If the economy programme should prevail and saving cut off demand for goods, a panic and hard times would result with irreparable injury.

BRISK TRADING AND PROSPERITY

(a) The active business man who pursues his interest in buying and selling goods is very likely to regard brisk trading as the source of his wealth and, by an easy step, as the source of the community's prosperity. He sees that commercial activity and "prosperity" come together, and he is very easily led to believe that this buying and selling are the causes of "prosperity." Hence anything that checks them is likely, in his judgment, to bring "prosperity" to a close. Exchange thus comes to bulk large in his mind as the vital feature in economic life. From a busy market comes the money that pays wages, salaries, profits, interest and taxes. Active buying and selling for personal consumption thus are credited with the creation of wealth. And propaganda that tends to check such trading he regards as detrimental to the general welfare. He therefore considers "the economy programme" for the period of the war to be an injurious and dangerous policy because it will diminish purchases for private consumption and thus remove the support from business prosperity. And business prosperity is required to yield the funds needed by the Government to carry on the war.

The emphasis placed upon the market shows what an important and vital part exchange of goods plays in our modern economic life. Daniel Boone knew of no such possibilities. Robinson Crusoe produced his own goods and consumed his own products. Most primitive peoples have done the same. The economic progress of nations has been marked by an increase in trading. The buyers get something they desire more than what they give in exchange. The sellers receive a price beyond their outlay in making the goods. Both parties have gained. These gains of trade the opponents of thrift think are the source of national wealth. They seem so on the surface.

WHY TRADE IS PROFITABLE

Behind the operations of buying and selling one should look for the fundamental reasons why trading is profitable for the nation as a whole. Neither buying nor selling alters the volume of goods. They serve to put products in the hands of those to whom they have the greater value. Modern men who can sell their products freely and buy from others are able to specialize and by confining themselves to the production of one line of goods they are able to reach a high degree of efficiency. They acquire peculiar skill, invent better machines, discover new processes, open up the most available natural resources, and develop a high degree of managerial ability in their particular fields. In other words, the division of labor, personal and territorial in adaptation to natural resources or other local advantages, with all its consequences, so increases the productive powers of the men involved that great wealth is created. Buying and selling are parts of this system, but not the whole of it, nor so important parts as to be the dominant feature as the advocates of "business as usual" assume.

The United States is richer than China because our natural resources have been developed by enterprising managers, guiding high-grade laborers, using labor-saving machinery, in a society free from cramping traditions and

political oppression. We are greater wealth producers than the Chinese. Greater effectiveness in production is the reason for our economic superiority, and of this productive process our buying and selling, our market, is an essential feature. But it is an error to exalt the market, and forget the creation of the goods bought and sold. Production and exchange both are essential features in modern business, but the protagonist of spending dwells on exchange and the importance of maintaining it as usual, regarding it as the source of wealth. Holding this view, he naturally opposes any movement leading to restriction of sales to consumers, such as would be caused by private or public economizing on dispensable goods. The more trading the more gain. The trading with individuals is of exceptional importance, in his view, because profit from such business is the only source of additional wealth from which taxes can be taken. Trading with the Government alone would yield profits, but taxes exceeding these profits would soon exhaust the market's resources. The profits of the *non-war* business, therefore, must be big enough to pay the expenses of the war. It is evident that he is constantly thinking of profits, of gains in money, as the source of support for the nation in arms. He is concerned with the acquisition of wealth rather than the production of goods.

Production of commodities consists in giving materials the proper form, carrying them to the desired place, keeping them to the time of need, and transferring them to the persons who are to use them. The advocates of thrift are thinking of the guns, ammunition, fighting equipment, motor trucks, ships and so forth that must be produced for the Government with a limited labor supply and hard-pressed equipment and scarce raw material. They see the Government's difficulty in getting supplies fast enough, not in getting money. Money cannot be eaten, worn as a protection to soldiers, or fired out of guns as shrapnel. Production of the commodities needed in warfare is the pressing problem. We have not been able to make

and transport the goods fast enough. The thrift advocates believe that citizens should not compete with the Government in demanding labor and material or transportation agencies for unnecessary private purposes when they are needed for national defence. It is regarded as wrong to turn mechanics and material from making motor trucks for the army or ships to making dispensable cars for private enjoyment; to take wool for superfluous clothing when the supply is short; to run unnecessary passenger trains when essential freight should be moved.

The champion of business as usual sees clearly that food products should not be wasted. They are products of nature, he asserts, without stopping to reflect that iron is a product of nature, and so are wood and stone and cotton and wool. He urges that we save products of nature but not money. Pass the latter out freely in exchange for goods. It is not destroyed. It circulates undiminished, making the wheels of commerce turn, making business brisk, thus supporting the market, which seems to be the source of wealth.

It is true that money does not wear out in any marked degree when serving as a medium of exchange, but people who spend freely are consuming freely, and this consumption is reducing the amount of available commodities in existence, all of them more or less directly the products of nature. Buying dispensable articles means that the purchaser is withdrawing from the Government unnecessarily what might have been used to military advantage or articles whose production required material and labor which would have been of more service to the nation if used for making necessary commodities. Spending unnecessarily means consuming products of nature and labor unnecessarily, hence in times when nature's products and labor are scarce as now such spending is wasteful and destructive and a war-time menace.

Patriotic people who save now do not "sit tight on the nickels, squeeze the pennies, and help deaden the world," as opponents of thrift think. They promptly invest their savings in

Liberty Bonds, saving certificates, or thrift stamps. The purchasing power is transferred to the Government, not lessened. Instead of being spent for unnecessary personal use, the money is spent for essential national purposes. Business is stimulated, but it is not in the field of buying and selling for private consumption or civil purposes of no pressing importance. The saver who lends the Government stimulates the kind of business activity required to win the war, not the kind that caters to personal indulgence in unnecessary outlay. The diversion of spending from the individual to the Government will not reduce the volume of spending. It will lead producers to turn their products of nature and labor from the creation of dispensable commodities to the creation of war supplies.

UNEQUALLED ACTIVITY IN CREATING ESSENTIALS

Saving and lending to the Government will lessen the businesses that have served consumers directly and force a shifting of capital and labor from lines whose trade will fall away. This will be a hardship and one not to be treated lightly. But if the labor and material required to win the war are scarce, then the sacrifice of the less important must be made, hard though it will be on established lines of trading.

Because certain lines of retail distribution may be cut off, or the production of certain commodities be reduced or stopped, does not mean "hard times" to the country as a whole. Notwithstanding the unfortunate and regrettable injury to the persons whose business declines, the country as a whole is bound to be producing and consuming a greatly enlarged volume of necessary commodities. There will be unequalled activity in the creation of essentials for public and private consumption. Labor, capital, natural resources and management are going to be pushed to the limit to create what we must have to sustain the war and the civilian population. This productive activity will be the source of the wealth available through taxation for the support of the

war. In this vigorous necessary business will the nation's economic strength be found, not merely in the profits of trading in dispensable goods, upon which the business as usual man fixes his attention and upon which he places his reliance for the money needed to support the war, thinking as he does of the profits of the market as the source of national wealth. Individuals may get rich through acquisition from other individuals in the process of trading. But our national wealth is not acquired; it must be produced.

The first error of those hostile to thrift lies in treating the problem of increasing national economic strength from the point of view of individual trading profit instead of considering the question in its fundamental character, the production and conservation of goods.

WHY ECONOMY IS NECESSARY

(b) It cannot be made too emphatic that one of the fundamental reasons for the difference of opinion here considered lies in differing estimates of the country's productive powers. The advocates of business as usual assume that production can be expanded to carry the peace load plus the war burden. Those who urge economy believe that the labor, material, capital and management available are not able to create more than enough goods to meet necessary requirements of the civilian population and the imperative needs of war. We have to get along with fewer de luxe trians, parlor cars, and private coaches in order to release men and motive power for handling essential passenger and freight business. There will be no decline in the railroad business. Its volume will be greater than before and the total earnings will not be reduced, though the Pullman Company's income may fall off.

England, France and Germany abandoned business as usual because they had to do so. We will have to do the same because no country involved can produce the goods demanded by customary peace expenditure and the wastes of the Great War. False pride

should not blind us to the fact that we cannot do what neither our Allies nor our foes have been able to do.

The surest way to defeat would be to use so much of our economic strength in the production of unnecessary goods for home consumption that we would be weakened in the creation of the goods actually required by civilians and the fighting forces.

The saving programme does not propose that civilians do without what they need for health, strength and efficiency. It merely asks that productive power be turned from the creation of what can readily be done without to the production of civil and war necessities. There is every probability that this shifting of labor and capital and management will be accompanied by hardship in many cases. Everything should be done to prepare for it and plans made to ease up the strain wherever possible. But the process will have to go on if the maximum national strength is to be exerted against the enemy in the shortest possible period. Early, voluntary concentration of the country's strength against the foe will hasten the end of the war. Late enforced economy will be the result of a longer struggle, with vastly increased loss of life and treasure.

The second fundamental error of those opposed to thrift is due to the assumption that our productive strength is sufficient for even more than usual business plus war needs. It is a mistaken attitude and will be abandoned under compulsion if not willingly, when the war stretches itself out to an exhausting length.

FAILURE TO SPEND MONEY AS A CAUSE OF HARD TIMES

(c) The danger of business depression due to the possible adoption of the policy of cutting off spending for dispensable goods is threatened by advocates of business as usual and they cite the panics of 1893 and 1907. Both of these disastrous times were due, in their judgment, to the saving in the years just preceding them as indicated by the increases in savings deposits. If the

people had spent this money instead of putting it in the banks they would have avoided the hard times. They allege that saving led to business depression and an actual loss of money by the savers themselves.

Failure to spend freely has been assigned as the cause of hard times by a number of theorists. Socialists have argued that prosperity ceases because of underconsumption on the part of underpaid laborers. Hobson declares the forced saving of the overpaid wealthy has the same effect. As a matter of historical fact the record shows that the initial trouble is not located in the market for consumers' goods. Mitchell in his book on "Business Cycles" points out that "it was a series of bank failures in New York which turned the crisis of 1907 into a panic" (p. 515), and declares in regard to the distress in both 1893 and 1907 that "Retail trade in fact seems not to be curtailed seriously outside the largest cities until a panic has closed many industrial enterprises, put others on short time, and led to the widespread discharge of wage-earners. Then, of course the shopkeeper sees his sales fall off, as the merchant and manufacturer had several weeks earlier" (p. 538).

To understand the cause of depression one must first look to the reasons for prosperity and its decay. Prosperity is a variation above the general level of business activity. Depression is a variation below the general level, if we may assume there is such a general level. Prosperity is as abnormal as depression. The normal condition is the swing from one to the other.

The periods of prosperity that have marked our economic experience in the last half-century have had their origin in extensions of business made in the pursuit of exceptional profits. The hope of these large gains may arise out of the development of new natural resources like the opening of parts of our Middle West before 1873 and Canada's West in the period before the Great War; or the exploitation of new industrial processes like the electrical and chemical industries; or out of war demands, like the present situation; or the recovery from

a period of depression may reveal opportunities for large gains due to general conditions, such as low interest rates, prices of materials, and wages, and depleted stocks of goods. Whatever the reason for the hope of gains, the pursuit of them starts a quickening in the basic industries. More capital is invested, productive facilities are increased, materials demanded, and laborers employed. The favorable impetus spreads from industry to industry. The extensions are built up on credit very largely and the whole structure of business becomes interlaced with banking connections, loans, and obligations that are to be met out of the anticipated profits and met at agreed-upon dates. The expected margin of profit is a wide one. The credit structure built upon these liberal expectations is extensive in its interrelations with all sorts of business centering in the banks. When prosperity is at this height it is near its end.

When prosperity spreads it raises prices of materials and wages and rates of interest, and thus by raising expenses tends to wipe out the anticipated margin of profit; as, for example, in manufacturing; or the time within which the business was expected to reach the profitable stage turns out to be longer than calculated, as in the development of new countries with railways; or peace puts an end to war demands. Some cause or combination of causes thus blasts the expectation of profits. Debtors who counted upon these gains cannot meet their obligations. The credit structure reared upon the hope of profits collapses. The interrelated businesses and banks break up. The productive machinery is put out of order. Unemployment follows. Prosperity has turned to depression. Goods are unsalable, prices fall, wages go down and spending is lessened. Such is the too condensed story of the rise and fall of prosperity.

Spending and saving are greatest in the prosperity that precedes the panic. That any increase in spending for personal use then would stave off the disaster is incredible. It would involve raising prices high enough to yield the

anticipated profit and continuing to raise them as expenses would climb; or speeding up the realization of the projected scheme such as settling our West or Canada's as fast as railways were constructed, in order to sustain the boom; or maintaining the present volume of demand due to war after peace is won. Prosperity is a stimulated condition of the business world that is not started by spending for personal consumption and cannot be maintained by such spending, and that declines for good and sufficient reasons other than saving. When the war stops the present prosperity will cease and a period of depression set in, but it will not be due to saving from personal expenditure.

The third error of the spending group lies in assigning too great influence to personal spending as a factor in determining good and bad times. The role it plays is subordinate to other major forces whose influence dominates. The mistaken interpretation is an old one. Most readers will readily recall the "sunshine movements" and "National Prosperity Associations" that were started after the panic of 1907 in the belief that the trouble was "psychological." If everybody would cheer up, it was said, and spend as usual, the depression would vanish. But the depression remained.

SELFISH GRATIFICATION MUST GIVE WAY TO PUBLIC NEEDS

If this country is unable to meet its needs and help the allies there is no other country to which we can turn. It is imperative therefore that we bend our energies toward the public defence and give up selfish gratifications where they are not necessary to maintain health and efficiency. The business adjustments required should be made as speedily as possible and every effort bent toward changing from the creation and distribution of goods that individuals can readily do without to the manufacture of what the war demands. The necessities for the armed forces and the civilian population must come before luxuries for any. The task of providing

the necessities is big enough to employ all the capital and labor that can be organized into productive units. Not less business but more essential business is the nation's programme. Business men can and will help to save the country in this crisis, and consumers can give them the encouragement and command to turn from furnishing luxuries to the production of necessities by purchasing only the latter. The money thus saved can be loaned to the Government which will spend it for war purposes and so keep essential industries going full blast.

SUMMARY OF ARGUMENTS

The outstanding criticisms of the policy of business as usual may be summed up as follows:

(a) The war will be fought with products rather than with profits, especially profits on unnecessary goods. Produced commodities rather than trading gains are the nation's need. The important products are the necessities of civil and war activities. Withholding productive energy from making these essentials in order to continue making dispensable luxuries is pursuing private profit without regard to the public loss involved.

(b) Experience has shown that no nation can support its peace style of living and carry on a modern war. The need for commodities and transportation in present-day warfare is beyond anything that could have been imagined a decade ago. All economic wastes and items of secondary importance must be given up for the chief end toward which all possible energy must be bent.

(c) Existing business prosperity rests upon war demands. General prosperity never originated in luxurious expenditure for personal use, nor have general depressions in trade resulted from savings. Ceasing to spend for unnecessary goods will injure some lines of business and force capital and labor to move, when possible, to other fields, but the high pressure of war demands and the essentials of the civil population will allow no slackening of general business.

This criticism is not a demand that business be wrecked as a patriotic sacrifice. It is a plea for planned, speedy, and suitable readjustment of buying and selling to enable us to turn the maximum energy of the country to national defence. The harder and quicker we hit the sooner it will be over. If the war stretches out for a period of years necessity will force in rigid fashion with attendant losses what reasonable foresight might anticipate with a minimum

of injury. People who will not be persuaded now will later have to yield to the stern logic of events. Business men who do not read aright the signs of the times are a menace, and the people who encourage by their patronage the devotion of capital, labor, material and management to the production of dispensable goods are wasting on themselves what should be yielded patriotically to their country.



Bankers Roll of Honor

THE BANKERS MAGAZINE invites its subscribers to send in, each month, a list of the names of their officers or employees who have died during the preceding month while engaged in the military or naval service of their country.

The list should include the name, company, or naval relation of the person concerned, and also his connection with the bank, with the title and location of the bank.



Letter No. 3 of the New Series

By W. LIVINGSTON LARNED

The Lovable Philosopher mingles Business Sense with Human Sentiment, and looks deep into the comedies and tragedies of His Small Town. The Crisis of the Great Conflict as it relates to Banking.

Friend James:

YOU ask me if, out in our town, the people are at last awakening to the peril of the situation. Do they appreciate that it is more of a case of NECESSITY than PREFERENCE? I'll answer that question with an emphatic "Yes!"

But I do not blame our people for this period of protracted self-adjustment.

America is not barbaric at heart. She has been unwilling to BELIEVE that such necessities could arise. Peace-loving, we have looked at War through the thin haze of battle-smoke. It was far, far away. We thought that perhaps newspapers exaggerated. It could not be so bad as was described. Of its own great, bloody momentum, it would soon stop.

I rather think I had the same general impression. From my window I could look out upon a peaceful, tree-shaded village street, where God-fearing men and women walked. The hills around us, as Springs came, poured their green wealth into pleasant, happy avenues of hope and brother-love. And, while I read a great deal of War, I could not BELIEVE what I read. There was no way for me to parallel these two—War and Peace.

Then, one day, the seven-fifteen, from up Canada way, brought Young Mr. Bob back home. They had to carry him down the steps and over to the carriage. Both legs were gone—and he was Blind!

But God had given that boy a new-born patience and resignation, when War took the body. He only smiled. There was no anger in the heart or soul of him. I went out to his house, after his Mother had been given time to nearly love him to death and to fight the changed order bravely (she is a Southern mother and it came natural to her), and young Mr. Bob told us of his bit abroad.

He had volunteered nearly three years before—gone with a Canadian regiment, because he KNEW the issue was right and because he had somehow sensed what destiny had in store for the rest of the World.

His Mother will have need for that sublime courage of hers. The remnant of her son is wheeled out into the little garden, down the paths lined with old-fashioned flowers, and children peep over the fence and gape in wide-eyed terror. For Mr. Bob is sadly, terribly changed.

It was then I first understood what this War meant. It had been a long

while coming. I grew grave and old and strangely retrospective. I began to search out ways for HELPING. And that's what every man and every woman and even the children are learning to do, Jimmy. The change has come. Just as England and France at last learned to repeat—so with America—"We're All In It."

* * *

FIVE men from this town went abroad—to the firing lines—last week. They were not young men. They did not wear fighting regalia. But they were none the less soldiers. These friends were past forty. We belonged to the same Lodge—the same Golf Club. Two were prematurely grey. One was a father. All had handsome incomes and were MEN of vigorous, moral calibre. They dropped their life-long responsibilities almost over night, to go Over There. No salaries—no material reward, aside from the peace of mind so closely identified with Duty performed.

Cablegrams had been received from the Y. M. C. A. Headquarters in England, Italy and France. This type of manhood was wanted without a mo-

ment's delay. They MUST respond. Here was a Service to be rendered God and Mankind that was as truly heroic as any dressed in the more picturesque habiliments of modern warfare.

The men went cheerfully—heads high and pulse beating time to the ripple of the flag they loved. It was the sort of sacrifice that gives us back all our confidence in the BIGNESS of human nature. Heroes are thick as violets in a Spring wood. They are everywhere—on all sides and in all walks of life.

And these men were selected because of their solid, safe, dependable qualities and qualifications. They were chosen, not because they were well-to-do, but because they had proven themselves WISE enough to save.

* * *

WE have a sort of Dickensonian character in our Village. He is a blend of Micawber and Mr. Pickwick and an assorted job lot of intensely human vices. He is a likable, entirely irresponsible money slacker. He can't seem to save.

Still, everyone likes him—loves him. He is welcomed wherever he goes. He



"It is an inspiring thought to me," says The Country Banker, "that not only are our boys in service willing to FIGHT, but they are setting a splendid example to the folks at home, by an unexemplified Thrift. I was talking with a young fellow who has recently returned from the front—wounded, but eager to be back again and this is what he told me: 'You'd be surprised to know what a generous proportion of the fellows in uniform are saving—keeping their bank accounts alive—dividing up that little monthly pay envelope and laying aside for the future—even when they are not sure that there WILL BE a future. A large banking system has installed a battery of banks on wheels. These cars run almost up to the firing line and a man may deposit money with as much ease as though back home in his own little town.'

"To my way of thinking, there is genuine inspiration in this piece of knowledge and it should set the profligate thinking. Standing amidst the horrors of war our boys come to 'salute' and carry on with that spirit of thrift which has grown to be a wonderful national asset."

is exceedingly good company. You find it difficult to reprimand him. He is a plausible profligate. There are many such men, you know.

Now, I have never found it in me to either tolerate that man or condone his weakness. He has no bank account and therefore has no financial stability. People love him but they would not trust him for a dollar's worth. Money trickles through his jovial fingers. And he is always laughing while he's spending. You know the type.

I am morally angry at him. I do not care for his smug observations of life. I will not nod and smile as he passes. When I am frank with myself, I feel that it would be a pleasure to kick this fellow.

Temperamentally incapable even, of FEELING ashamed, his suffering and his lost pride are assumed by his family. They must do it for him. The wife wears shiny, shabby clothes. She is embarrassed as a constitutional, ingrown state. She looks half-nourished and I suspect that the table she is forced to set is a meagre one. There are tears always about to form in her mild, patient eyes. Her fingers are rough from darning. Her children are never seen at parties and their little toes poke from worn shoes. Deep in the eyes and hearts of all three, you may read mortal tragedy and suffering.

How often it is that we are totally blind to the suffering we cause others, when it is OUR suffering they shoulder—the fruits of our shortcomings!

At the Tavern he is popular. He is forever buying something for someone. But not his own family.

* * *

AT a dinner given to a group of bankers not long since, a well-known architect made a brief address. I find contractors and architects particularly interesting. They are creators of economic and business Empire. They are the Housers of Ambition. They construct the nests for all of us.

One thought set forth by this architect impressed me deeply.

"I am always pleased when I am



A little boy of my acquaintance is a very much harassed and humiliated chap. His father is an obdurate man, who does not believe in letting children have spending money. A quarter spent for a baseball bat becomes almost a crime. Candy is forbidden fruit because it costs something. The boy is made to feel that it is criminal to spend.

And what a mistake all this is! The wise father is the one who allows his growing boy a moderate "income" and who impresses upon him the wisdom of setting apart SOME of it and buying wisely with the other. There is give and take to this matter of childhood's spending.

commissioned to create the plans and specifications for a bank," said he; "it is an assignment I reverence—respect. For Banks are the hatcheries for Love, Ambition, Hope and Success. It may almost be said that they are above and beyond even the HOME. For without the bank there could be no home in our present-day sense. It is the beginning and the happy ending of Life's romance. Indirectly, it cradles the babies and is a safe haven for the aged. It is a labor of love to draw the plans for an institution of this kind. Banks and churches—God bless them—they are the stabilizers of all Humanity."

And I shall never forget the comparison.

* * *

THERE are various and variegated opinions about Henry Ford. One opinion, however, is firmly established and unchangeable—Mr. Ford has made a conspicuous success of a business that brings a great deal of happiness into the lives of a great many people.

Henry Ford belongs to the same rugged stock that has given us the Carnegies and the Hills and the Schwabs—

he began life as a poor boy. He is a product of unflagging, unwavering confidence in an ideal. That ideal, by the way, is found to be mixed with untiring personal effort. Really big men are big workers.

Mr. Ford says that the first silver dollar he ever earned was a wonderful thing to him. He couldn't quite make up his mind what to do with it—its mission—how it was to be spent. In the days of Ford's youth a dollar's worth of nickels meant an imposing fortune to a farmer's son.

And in the midst of the problem as to just what he would do with that first hard-earned dollar, the boy Ford decided that if the money could just be made to earn another honest dollar it

would be serving the best purpose of all. Every one is perfectly aware of the magnitude of Henry Ford's final achievement. That first disc of silver fell in fertile soil. No man to-day, at the head of a great industry, more successfully masters the subtle art of wisely directing employees and the wage question. Ford workmen are prosperous, frugal, thrifty, saving. Compulsory bank accounts on their part gradually become willing bank accounts.

And yet Mr. Ford doesn't look upon money for its material worth. He says so himself. His theory is that money isn't of so much consequence in life. It's the worthy things that follow in the wake of saving that bring the REAL happiness.



Four Things to Have in Mind

1. The seriousness of the war—the necessity that it be prosecuted as the chief activity of the nation, at the cost of individual needs and preferences.
2. The fallibility of all men, and therefore all public servants; the unescapable fact that no man or body of men could run even a little war and please everybody—and this war is the biggest war the world has ever seen.
3. The fact that our Government recognizes the necessity that business proceed so that the difference between income and outgo shall be as great as possible on the credit side—so that there may be profits and savings out of which to pay for the war.
4. The fact that in times like these the individual is of small consequence; the private need or preference is swallowed up in the public necessity—to the end that private needs and preferences and individual freedom may eventually survive.

—HARVEY WHIPPLE

Interest Accrued Receivable and Unearned Discount

By HOWARD M. JEFFERSON, Auditor Federal Reserve Bank,
New York

(Continued from June Number)

EXPENSES

THE daily accruing of expenses is neither so easy nor so accurate a process as accruing earnings, but results can be obtained which will be very satisfactory. If included in the daily statement in the same way as the interest accrued and the discount earned, the resulting statement will always be up to date and violent fluctuations of all kinds will be eliminated.

The chief items of expense are:

- Interest paid on deposits.
- Rent.
- Taxes.
- Salaries.
- Stationery, printing and supplies.
- Furniture and equipment.
- Miscellaneous items.

The first of these accounts causes the most violent fluctuations in the expense section especially where interest is credited quarterly or semi-annually. An actual figure might be found each day by running through the ledgers, taking off all interest-bearing balances and calculating one day's interest on the total. This, however, would serve no other useful purpose and would be a fearful waste of effort. An estimated figure will prove quite as satisfactory and be much easier to obtain. Moreover, most banks calculate interest monthly, and when this is done the accrued figure may be revised and proper adjustments made in the accrual figure.

In order to start this accrual, the average cost of deposits for at least six

months should be taken so as to make the calculation as accurate as possible. After having a start, the monthly revision of the rate and the adjustment of the account will keep the daily calculations so nearly accurate that no one could possibly question them. For those who have not prepared averages in this way the following suggestions may be helpful:

First find the average daily deposits for the period to be reviewed by listing the totals of each day's deposits as they appear on the general ledger. Then divide this total by the actual number of days in the period under review. Be careful to carry Saturday's total in twice so as to provide for the interest accrued on Sunday. It will be found desirable to calculate these averages to a natural closing period when all interest is paid or credited so that the accrual record may be started with a clean slate.

The next thing to do is to analyze the interest paid during the period under review and eliminate any amounts that represent interest applicable to the period prior to the beginning of the period. Then reduce the interest actually paid during the period under review to an annual basis. Divide the estimated interest paid for one year by the average amount of deposits, and the result will be the average per cent. costs of deposits. Every step in the process is important, and the calculations should be checked very carefully.

The estimated accrued interest pay-

sulting balance by the number of days in the month. Revise the record from month to month in order to keep the accrual figure exact.

The variable expense items, such as stationery and supplies, telegraph and telephone, carfares, light, heat and power, etc., etc., must be studied and the amount to be accrued determined after careful analysis of these items for a period of six months or more.

Do not fail to allow for Sundays and holidays in full, for while the vault door may be closed, the tellers' cages vacant and the bookkeepers' desks covered with upended stools, the loans and investments are working and it is well known that interest on deposits, rent, taxes and salaries go on forever.

How analyze new expense accounts for comparative purposes? Well, perhaps on both sides. Make an elaborate analysis of current expenses from the debit side of the reserve account and an extremely simple analysis of the credit side.

If furniture and equipment is carried as an asset an appropriate charge should be made to current expense each day as a depreciation charge. If charged to Current Expense, as bought, include in the budget or estimate and accrue in the same manner as other items.

Among the expenses of a bank, as well as any other business, are some that are paid in advance. Among these items are premiums on fidelity bonds, fire insurance, and sometimes a part of the real estate tax. As a rule they are so small compared with other expense items that they are not considered as assets. If they comprise an appreciable part of the expense account they should be distributed daily by charging the payments to Expenses Paid in Advance in the first instance and then by charging Current Expense in the daily accrual and crediting Expenses Paid in Advance. Other earnings and expenses, if any, should be reduced to a daily basis and entered on the accrual sheets.



No Prussian-Made Peace

(From an Address by Hon. Robert Lansing, Secretary of State)

LET us understand that a Prussian-made peace would not be the end; that it would only postpone the final struggle. Now that this war has come upon us we must carry it through to a decision. We must not transmit to future generations the germs of militarism. From the spirit of despotism, which has caused this awful tragedy, this war must free the world. We have suffered enough. The nations must never endure such black days of agony as those in which we are living.

It is the supreme task of civilization to put an end to Prussianism. To listen to proposals for a Prussian peace, to compromise with the butchers of individuals and of nations so that they

would by agreement gain a benefit from their crimes would be to compound an international felony, which this Republic will never do.

Force is the one way to end Prussianism, for it is the only thing which the Prussian respects. This war for democracy must be waged to a successful conclusion to make liberty and justice supreme on the earth. It will be a bitter struggle, with lights and shadows, for the foe is strong and stubborn; but in the end we shall triumph, for we must triumph or abandon all that is worth while in this world. May every American so live and so serve that when the day of victory over the Prussians dawns, as it will dawn, he may, by right of faithful service, share in the glory.

The Bank and the Bunk

By WILLIAM GANSON ROSE

CHAPTER I

THE BANK

THE young man at the corner was looking in his memorandum book. "This is the street," he said. "There's Third and here's Main. The bank ought to be near the corner." He stopped a passer-by. "Can you tell me where the Lincoln National Bank is?" he asked.

"Yes, sir," replied the stranger. "It's the dark old building five doors down at the left. It sets back away from the street."

"I walked right by the building without seeing it," said John Wesley Crockett. "What kind of an institution is it?"

The stranger hesitated. Then he replied, "Why—why, it's old and conservative."

"M-m-m," said Crockett with a smile, "I believe I know the type. Thank you."

The young man nodded and hurried along.

John Wesley Crockett strolled back to the Lincoln National Bank and then walked across the street to observe it carefully.

It was a characteristic of Crockett to look over every proposition, at least hastily, before he went into it. He said his ten years' experience in the advertising field had proved this a good plan. Although only thirty-two years old, Crockett was something of a philosopher. He had written in one of his business essays, "Never move into a town until you have looked it over, because the character of a town can be read in its streets, its buildings, its pavements, its hotels, its lay-out. Never sell to, or buy from, a man until you

have looked him over. His character is reflected to a degree in his face, his hands, his bearing, his clothes, his speech and his eyes. Never go into a building without looking it over, because its character can be read to a degree in its architecture, its cleanliness, its windows, its sidewalk, its gloom or its cheer, and knowing the building helps you to know the institution it houses."

Crockett was carrying out this last bit of advice. The survey he was making evidently was not complimentary, for he smiled rather cynically as he retraced his steps across the street. He paused at the curbstone to look at the small, badly chipped letters that spelled out "Lincoln National Bank," and below the name, "Established 1868."

Two men were coming out of the bank, and the first let the heavy swinging door slam back into the second. A woman was going up the steps, and Crockett hastened after her to hold the clumsy door while she entered. He walked into the old-fashioned lobby and looked around.

"Old and conservative," he murmured. "My friend was right. It's so old it's musty, and so conservative it backs away from the sidewalk."

Two officers were busy in a sort of pen at the left-hand side of the entrance way. One of them was dreamily turning over the pages of a ledger, and the other was adding up long lists of figures, occasionally shaking his head to indicate that something did not come out right. The woman Crockett had followed into the bank was the only customer just now, and she was standing in front of a teller's cage. The teller was not to be seen, and the woman impatiently tapped on the shelf with a silver coin. In the rear of the room were a number of clerks working by the

light of old-fashioned carbon lamps, and all was very still and very gloomy.

"I can tell how the president looks without seeing him," said Crockett to himself. Then he stepped over to the pen where the human adding-machine was getting his totals. Crockett stood at the rail, but the officer did not look up. He rapped lightly on the wood-work, but there was no response from the adding-machine. Then he waited until the officer had gone three-fourths the way through a column twenty inches long, when he suddenly spoke sharply and quickly.

"I beg your pardon, sir," he said, and the adding-machine looked up woefully, fifteen inches of good mental arithmetic having gone to waste. "Would you please direct me to President Old and Conserv—I beg your pardon, President Ainsworth?" he asked.

The adding-machine moistened his pencil in his mouth and then pointed it toward the closed door across the lobby.

"He's there," he said, "but he's busy."

"Can I wait?" asked Crockett.

"Just as you like," replied the officer. "He's figuring interest, though, and is not likely to be through before six."

"I can't wait," said Crockett quickly; and, to the great surprise of the adding-machine, he announced, "I'll see him now."

He walked briskly across the lobby, knocked lightly on the president's door and walked in without waiting for a response.

Philip Ainsworth looked up from the big book on his old-fashioned roll-top desk. He was a substantial man, not yet sixty, but quite gray, a man who took his work seriously and showed the effects of long hours. He didn't like the present interruption and showed it.

"Well, sir?" he said, sharply.

The young man closed the door behind him, briskly stepped over to the desk, grasped the president's hand and shook it warmly, drew up a chair and announced, "I am John Wesley Crockett." He accompanied his statement by tossing a card before the banker upon the big book.

The old man keenly looked the visitor

over. He glanced at his neat gray suit, his stylish felt hat, his rather gorgeous blue necktie, which did perfect team work with his silk socks, and his mustard-colored oxfords.

"You're from out of town," said the old man.

"Thank you—I mean yes, sir," replied John Wesley Crockett.



William Ganson Rose

"What's your business?" asked the president.

"The best on earth," replied Crockett, "advertising."

"Um-m-m," grunted the old man. "We don't advertise."

Crockett smiled. "I'm quite sure of that, sir," he said.

"Our bank," went on the old man, "doesn't need to advertise. It's old—"

"And conservative," added Crockett.

The old man looked at him sharply. He suspected irony, but Crockett looked very serious.

"What's more," continued the banker, "I've read enough advertising to know what it is. It's cheap and gaudy signs to get the people to chew gum. It's showing pictures of models to make people want to look like them and pay ten dollars more for their clothes than they are worth. It's writing matter that encourages the poor man to buy an automobile. It's—it's—bunk."

The younger man smiled. "Bunk is right for some of it," he agreed; "but in these days of better business the merchants and manufacturers have found that it pays to be honest, just as it pays to advertise, and bunk is giving way to educational copy."

The old man shook his head. "No, sir," he protested, "this bank wants no bunk."

"I didn't come here to talk publicity to you," said the advertising man; "I merely came to give you the once-over."

"The what?" asked the president.

"To meet you and see your bank and learn whether or not we might be interested in talking business with you."

"Whom do you represent?"

"That's something I can't tell you just now," replied Crockett. "It's a company that will make parts to be used in war products now, and machinery after the war. It's related to some big interests, and it promises to be successful."

The old man smiled. "M-m-m, I see, you're a stock salesman."

"No," laughed the young man, "I'm here not to sell stock to you but to take stock of you. Here's the point. There are certain reasons why a town in this industrial district would be the most practical location for our new plant. There seem to be four possibilities. We must be comparatively near iron and coal. We mustn't be too far from the assembly plants that will use our products. We must have the right kind of transportation facilities, and naturally, we would want good banking connections."

"Have you—have you given the other possibilities the — the — once-over?" asked the old man.

"Yes," replied Crockett, "and not one of them made good."

"Well," inquired Mr. Ainsworth, "what do you think of our little town of Holcomb?"

Crockett looked straight into the old man's eyes. "You wouldn't like to know just what I think of Holcomb," he said. "I'll just sum it up this way. It looks to me like a town that grew slowly up to about 1908 and then suddenly was cut off from the rest of the world. It has lost about ten years by the kind of pace it maintains on progress road. It's sleepy and it's slow. It's a city in population and an overgrown village in spirit and appearance. It's——"

"Hold on," interrupted the old man. "How long have you been here?"

"I came in last night," said Crockett.

"Aren't you making an estimate too rapidly?" snapped the president.

"Probably I am," replied the advertising man, "but it can't be much worse than it seems to be. I beg your pardon," he added; "I told you you wouldn't like it. I have the bad fault of being frank when I have to answer."

There was a pause. Suddenly the old man smiled cynically and inquired, "Well, young man, if not one of the four possible towns suits you, and you've got to take one of them, what are you going to do about it?"

"Oh, that's easy," replied Crockett.

The old man waited, but Crockett refrained from going on because he had cultivated a habit that had proved very effective in conversation. When anybody wanted him to tell something he would generally demand the question twice, so that his answer would take on emphasis.

"I say," repeated the old man, "what are you going to do about it?"

"Oh, yes," replied Crockett, as if he just realized that a further answer was required. "Why, I'm going to make over one of the quartet."

"Make it over!" repeated the old man.

"Sure," said Crockett. "Give it civic spirit. Put an enterprising punch into the citizenship, capitalize on the natural resources, develop the spirit of co-operation, organize the leading interests into a campaign to make the town a

better place in which to live and do business, introduce—but there, you get me. Renovate, rejuvenate and exhilarate!”

The old man pushed the big book away from him, arose and walked over to the window. Then he turned back to the advertising man and began gruffly, “You’re—you’re——,” and he shook his finger as he added a third, “you’re——”

“Fresh,” answered Crockett, “I know. Rather rough perhaps in the way I put things. Too much pep for politeness, aggressive for a young thing, enthusiastic beyond need. But then, you must forgive me, sir, I have been brought up in a live profession, in a real town, among scrappy associates. I never had any lessons in the other school.”

In spite of himself the old man couldn’t help but ask, “What other school?”

“Why,” drawled Crockett, “the old and conservative.”

The old man looked out of the window again for some moments and then turned once more to the visitor. “I suppose,” he growled, “I suppose you’ve given this bank the—the once-over, too?”

Crockett smiled. “I’d almost say it was a twice-over,” he replied.

“And what do you think of it?” asked the old man as if daring a response of criticism.

“Now look here,” said Crockett, “you forced me to get you mad once, and I’m not going to do it again. Your bank is one of the best examples I have ever seen—of its kind. I was born long after the heyday of the kind, and so I’m not a good judge. Oh, but there’s something I would like to do more than almost anything else I can think of.” And then came another one of his irritating pauses.

“Well, well,” said the old man, “what is it?”

“I would like to take the ‘con’ out of your conservative and throw the accent on the ‘serve,’” replied Crockett. “I’d just love to play around with the opportunities that you have here. Why, man alive, you’ve got one asset in this

bank that’s worth more than all the loose change in your vault.”

He stopped again, and this time the old man was so exasperated that he refrained for fully a minute from asking what that asset was. Finally he growled at the visitor, “Well?”

“It’s your bank’s name,” replied Crockett. As he spoke he rose from his chair and paced up and down the room, talking in a smooth and convincing manner that almost fascinated the aggravated old man. “The Lincoln National,” went on the adman, “Lincoln! Why Lincoln National is the finest name I ever heard of for a bank. The great watchwords in American business today are service, efficiency and initiative; and all these were part of Lincoln’s character. Lincoln! What does the name suggest? First of all, the highest type of Americanism and then honesty and truthfulness and clean character. It suggests strength, for Lincoln was strong. It suggests kindness, for there never was a man in all the world more kindly than was Lincoln. Why the very name is beautiful.” He paused for a moment and closed his eyes. Then he concluded, “The Lincoln National—the bank of the people and for the people.”

The old man stared at him. Suddenly he blurted out, “My grandfather was the first president, and he named the bank.”

“Your grandfather,” said Crockett, and he smiled as he knew the shock that was coming to the old man, “your grandfather should have been an advertising man.”

There was another pause, and then the old man said abruptly: “Let’s get down to business. You’re here to look over this town along with three other towns to find out where to locate a manufacturing plant. You visited the three others, and you don’t think much of any of them. May I ask how does Holcomb compare with the towns that you have investigated?”

“The impression I have gained here,” replied the young man, “is the poorest of the lot.”

“M-m-m,” grunted the president, “then Holcomb is out of the running?”

"Not yet," replied the young man.

"Why not?" asked the banker.

"For three reasons," replied the visitor. "First because you've got the natural resources here to make a great town, but natural resources alone aren't enough. They need a good citizenship to make a city great. However, Holcomb's fundamentals are all right. In the second place, a tough proposition always makes a strong appeal to me; and making Holcomb over would be just the kind of a job I like." He stopped short, and the old man eyed him keenly.

"Well, well," said the president, "your third reason for considering Holcomb—what's that, sir?"

"The fact," replied the adman slowly and quietly, "the fact that you are going to help me."

If the president of the Lincoln National was shocked before he was, in the language of Crockett, "flabbergasted" now. He was angry and he showed it.

"You're presuming a good deal, young man," he shouted angrily.

"Yes," replied Crockett quietly, "that's my long suit. I found several years ago that you can't get very far without presuming, and if you are a first-class presumer and back your presumption by a whole lot of desire and a mind full of will power, it's one of the best attainments that a modern business man can have."

The old man didn't know just how to come back. "Why—why are you so sure of my help?" demanded the president.

"Because," replied John Wesley Crockett, "you are becoming more and more confident of my ability to help you. As I am talking to you now, you are thinking of how I can put the Lincoln spirit into this bank; of how I can carry that spirit to the children of Holcomb in the schools; of how I can gain the interest for this institution, of the business of Holcomb, by going after it, instead of waiting for it. You're thinking that a little new enthusiasm might be a good thing for the old bank; that the ideals established by your grandfather need brushing up a bit. You're thinking——" he stopped short. "But

there, I'm presuming again, and if I'm wrong in my presumption, we will go no further."

The old man looked at him and didn't speak.

Crockett took up his hat from the table and then asked, "Would you please tell me where the Holcomb National is located? I feel that I ought to give the town another chance."

The old man stared at him sternly. "The Holcomb National Bank," he said, "is located——"

The door of the room opened suddenly, and a charming young woman in white entered.

"Hello, daddy," she cried cheerfully; and then seeing Crockett, she said, "Oh, pardon me, I thought you were alone, father. I'll wait." She started to retreat toward the door.

"Pardon me," said Crockett, "but I was just going." He, too, walked toward the door.

"Will you come back in an hour?" asked the old man; "I want another word with you, Mr.—Mr.—ah—ah—"

"Crockett, John Wesley Crockett," said the visitor pleasantly.

"Yes, Mr. Crockett," said the old man, "in an hour."

The adman withdrew and closed the door after him. He woke up the human adding-machine to ask where the nearest telegraph office was, and then hurried out of the building. A few moments later he dashed off a message which read:

Amos B. Henderson, Cleveland, Ohio:

Holcomb has possibilities. Ainsworth conservative and leary of me. Send him reassuring message immediately saying nothing of deal, but much of me.

JOHN.

"That ought to help," said Crockett to himself as the clerk clicked away the message. The advertising man strolled down to the railroad and then on to the lake shore, which was only a short distance away.

"Wonderful transportation facilities," he observed. "But they need more to transport, and somebody to recognize the facilities."

When he returned to the bank he was

told that the president was ready to see him, and he reentered the sanctum.

"Mr. Crockett," said the banker, "this is my daughter. Gloria, this is Mr. Crockett, who represents a plant that is considering Holcomb as a possible location."

The young woman extended her hand, and as John Wesley Crockett took it he noticed the strange contrast between father and daughter. Here was somebody who was anything but old and conservative.

"I am sorry," went on the banker, "to have to advise you that I cannot take up your ideas, Mr. Crockett. The location of the Holcomb National is at the next corner, down Main street, on the left hand side of the way." He expected that the adman would retire upon this announcement of his ultimatum. But here he was again disappointed.

"May I ask," said Crockett, "why you have decided to cut off your bank from an opportunity that would promote its progress and help the town at the same time? Should you adhere to this decision, Mr. Ainsworth, I am sure it would always be a matter of regret to you."

The old man half unwillingly explained. "Why, Gloria here has persuaded me to go to one of the southern camps where my boy is a captain. He is in the hospital, and Gloria and her mother think that I should go down and see him. I will take Mrs. Ainsworth with me and we will be gone a couple of weeks. I can't attend to any banking business now, as we start tonight."

John Wesley Crockett rubbed his hands.

"That's fine," he said. "All the more reason why my proposition should be taken up. Let me come into the bank at once as a sort of general utility man. Let me put a few of my ideas into effect while I am studying the town. I've got to make my report to the corporation three weeks from today. I told you why I favored Holcomb. Give me the opportunity to prove my first impressions right. Let me try out the spirit of Lincoln in the Lincoln National, and then, when you come home in two weeks,

decide whether or not you'll accept my plan in its entirety."

"No, no!" snapped the old man.

"One moment, father," interrupted Gloria; "when I urged you to start with mother tonight, I didn't mean to interfere with important business. I don't know what it's all about, but certainly Holcomb does need something. I never noticed it so much as when I came back from college. And may I ask what you mean, Mr. Crockett, by putting the spirit of Lincoln into the bank?"

The adman smiled at the new twist the conversation had taken.

"It was just an idea I had," he replied, "of making the bank's name and the bank's spirit and the bank's success harmonize. Lincoln is my favorite character, and——"

"Mine, too," interrupted Gloria.

"And I told your father," went on Crockett, "that I thought there was an opportunity to accomplish several things by my plan. In the first place, from a business standpoint, the bank could capitalize upon a sentimental appeal, backed up by the Lincoln spirit. In the second place it would afford an opportunity to work out the ideals of your grandfather, ideals he must have had in mind when he named the bank after the martyred President. And in the third place, I can see how this could be done in such a way as to honor Lincoln's memory."

"Why, that's fine," commented Gloria enthusiastically.

"It's mere sentimentalism," objected the president.

"Well, in college we learned, in psychology, that sentimentalism is a big part of business, father," came back the undaunted Gloria.

"But I'm afraid I've over-emphasized this part of the business," said Crockett. "I'm here to make this a good location for a hustling big plant. It would mean a lot for the town. It would mean much for the bank that relates itself to the idea."

"I tell you," objected the old man vigorously, "I'm going away and I haven't time to take up this matter further. Besides, Mr. Crockett, I don't know you. You have offered no refer-

ences, and you state that your plant is secret in character."

There was a tap on the door.

"Come in," called the president; and a bashful boy entered carrying a telegram. The old man signed the book, and the boy stumbled out of the room, while the banker tore open the yellow envelope. "Pardon me," he said.

After reading the message, Mr. Ainsworth looked up at Crockett and then back at the telegram. "Did you wire for this when you left the room?" asked the banker.

"Not knowing what the message contains," replied the adman, "I am unable to answer."

The banker handed the telegram to the advertising man, and the latter read it eagerly. It read:

President Philip Ainsworth, Lincoln National Bank, Holcomb, Ohio:

Do not try to buy up the services of Mr. Crockett, in whom I am interested. He's too valuable to us. Any courtesy you extend to him will be appreciated by me.

AMOS HENDERSON.

Crockett handed the telegram back to the banker and smiled.

"I wired for a reference," he said, "but, really, I'm too modest to have suggested one just like this."

"So, Henderson is in the plan, is he?" asked the banker.

"He is," replied Crockett; "and as I know he wouldn't want to urge you to do anything against your will, I don't feel at liberty to argue the matter longer. Instead, I think I will go over and try my efforts on the president of the Holcomb National."

"Wait," said the old man. "What you propose is introducing some new ideas into the bank and the town while I am gone, and to leave to me, upon my return, how far I will go into arrangements with the new plant."

"That's right," said the advertising man.

"And what would your charge be, sir?" asked Mr. Ainsworth.

"I'll leave the remuneration to you upon your return," laughed the advertising man.

"Um—that's fair," admitted the banker. "You'll leave it to me?"

"Agreed," said Crockett with a smile, and the two shook hands.

The old man summoned the first vice-president, Mr. Jared Simmons, and told him of the arrangement with the advertising man. He instructed him to coöperate in all reasonable ways with the new member of the force, but not to permit anything that could in any way hurt the bank's reputation. Mr. Simmons looked at the visitor suspiciously and nodded.

"Come, father," said Gloria, "you have scarcely time to get ready. The train leaves at six."

The old man put on his hat and coat as Gloria went on.

"Father," she said, "may I come down and help at the bank while you're gone? I'm just crazy to do something, and I believe I would be of some real assistance."

"Nonsense," laughed her father. "There's nothing for you to do here."

"Pardon me," put in Crockett, "but there's going to be a lot to do during the next two weeks, and if you don't object, I'd like to have your daughter's help in some matters pertaining to the town. I've got to become acquainted pretty fast to make a showing."

"All right," laughed the banker, "work as hard as you like, Gloria."

There was a quick good-bye, and Crockett smiled to find himself alone in the President's office. "I hope," he murmured, "that Mr. Ainsworth takes a good look around as he goes out, because it will be his last chance to see the 'old and conservative.' When he comes home—oh, boy!"

He glanced up at the wall behind the chair in which he had been seated and saw a large portrait of Lincoln, admirable in likeness, but darkened by age and dirt, and hung in a shabby frame. Then he looked out of the window just in time to see the Ainsworth limousine hurrying away.

"Good-bye, Mr. President," he said softly. He looked at his watch. "There's time for an hour's work this afternoon," he murmured. "That's enough to start something." He looked back at the portrait, "I'm going to start your spirit in the old bank, Abraham Lincoln."

How to Buy Commercial Paper

By MERLE L. BASHORE, A. B.

GOOD business has been defined as the taking advantage of opportunities with the least possible risk. Pure commercial paper, properly studied and checked, offers a bank the best and most liquid asset that it can obtain.

The experience of most bankers has taught them that there are no hard and fast rules that can be laid down that will stand as a guarantee against an occasional loss, but there are some basic principles that if followed will decrease the loss to a negligible quantity.

The doctrine handed down by our forefather bankers, that pure commercial paper is the only safe paper to buy, is the first basic principle that every banker should keep foremost in his mind. By pure commercial paper is meant that paper that is issued for the purchase of merchandise only. A large percentage of the paper on our market to-day is not pure commercial paper, because of the fact that the proceeds are invested in machinery or other fixed assets and these assets cannot be converted into cash very readily. However, there are many exceptions to this rule, as many corporations have large amounts of mixed paper on the market—that is, the proceeds have been invested in merchandise and fixed assets—and these corporations are financially strong enough to pay their notes as they mature or use the refunding method.

Paper should not run longer than six months—better four months, and preferably three months. The time the paper should run is a matter that has to be decided by the individual case. Packers, who handle a very salable line, can safely be given six months, also commission merchants dealing in staple

lines. Firms manufacturing specialties should be held to short-term paper.

When the paper matures, insist upon payment; do not renew unless you are satisfied that the conditions require it. If a renewal is asked for, secure as many individual endorsements as possible, for if the officers of the company are on the paper, they will feel a personal responsibility and will do their level best to pay the paper.

PURCHASING THROUGH ACCREDITED NOTE BROKERS

It is always wise to purchase paper through an accredited note broker, and more so if said broker has made advances against it. When a reputable broker is marketing paper his future is at stake, and he has, no doubt, checked and studied the paper very thoroughly before offering it to his clientele. It would be very unwise for any broker to load up his clientele with poor paper, as it would probably be his last load.

It has been proven that the majority of losses in commercial paper have been due to the dishonesty of the men connected with the firm or corporation. By taking advantage of ancient history in this respect, check the individuals connected with the name. If you cannot satisfy yourself that these men are and always have been honest, no matter how clever and shrewd they are, you will no doubt save your bank money by turning down that particular name.

The strongest concerns will show success through their statements over a period of many years. It is a very good rule to have at least three yearly statements in order to satisfy yourself that the concern has maintained a continual growth. You would not want to

invest your own money in a concern that was going backward, therefore there is little chance that you would invest the bank's cash in this sort of a concern.

Furthermore, you would not invest your money in a concern manufacturing a luxury—for that luxury is just as liable to decrease in price as it is to increase. Unless the concern manufacturing a luxury is backed by very wealthy men and their endorsement is on the paper, it is nothing more or less than a good gamble. Therefore it is usually wise to select names that manufacture staple lines.

RATIO OF QUICK ASSETS TO DEBT

There has been much written on the ratio of quick assets to debt. Some advocate three to one; others two and a half to one; while others say that two and a quarter to one is sufficient. The ratio question is a subject in itself and requires deep study.

If you have three statements—one six months old, another one year old and another eighteen months old—by comparing them you can secure the average ratio of quick assets to debt for each six months. If it averages about two and a quarter to one, you are within the safety zone. Many concerns make their statements when their condition is strongest, but by using the three six months' statement analysis, you can usually secure a fair idea of their average business. Of course, there are exceptions to this rule; for instance, the packers, whose assets are so liquid that they can be sold within a very short time, therefore they would not be required to maintain a two and a quarter to one ratio of quick assets to debt.

The item of "notes receivable"

should be compared with the same item in statements of other concerns in the same line of business: satisfy yourself that this item is not too large; if it is unduly large, it is a fair danger signal.

The item of "merchandise" should be carried at cost price when the market price is more than cost; it should be carried at market value when the market is down.

Nearly every concern thinks itself worth more than it really is—it's only human nature; therefore it is advisable to have statements audited by a disinterested accountant in order to secure a more correct analysis of the assets and liabilities.

It has been found to be unwise to rely too much on the checkings through the borrower's own banks, therefore check through at least two large banks—banks that maintain a Credit Department; these disinterested banks will give the outside opinion of the concern in question. It is also a good plan to check through several trade references, as they can advise you if the concern in question is discounting their bills.

One of the most important factors in buying commercial paper is to satisfy yourself that blanket insurance covers all merchandise; you would not lend on real estate if it were not insured, therefore require the borrower's merchandise to be insured.

Some bankers buy the paper that pays the highest rate; this is a great fallacy. The higher the rate in normal times, the lower the grade of paper. Insist on a fair rate, but leave the highest rates for the other fellow, and you will be money ahead.

By following these suggestions you will not eliminate all your losses, but they will aid you in selecting the best names.



“WHEN you ‘give till it hurts’, there is always the consolation that such giving is going to hurt the enemy more than it does you.”

—NEW YORK WORLD

Safety Deposit Vaults in the Middle Ages

By H. H. MANCHESTER

IT is surprising what a variety of expedients for safeguarding valuables were tried during the Middle Ages without actually hitting upon the modern safety deposit vault system.

At first, when the barbarians swept over the Roman Empire, all was confusion. Wealth escaped, if possible, to the Eastern Empire at Constantinople, and what did not, was largely lost or destroyed during wave after wave of invasion. When western Europe settled down once more, the avenues of commerce had been mostly wiped out, foreign trade had ceased, and each little district was compelled to support itself.

Numberless feudal lords developed, each owing a slender allegiance to his overlord or king, and each maintaining his supremacy in his fief and his independence against the neighboring lords by his fortified castle and the strength of his retainers. Thus the baron's castle was the first safety deposit vault of the Middle Ages. In it were his strong room, his strong box, and his jewel case. Whatever he had of valuables he kept there, and was ever ready to defend by force of arms.

In the eleventh century, however, commerce began to develop again, and with it rose great trading centers like Venice and Florence for Italy, Paris for France, London for England and the Hanseatic towns for northern Europe.

Such commerce created a demand for financing, money changing, and new coinages. Kings borrowed funds for the Crusades, and foreign money had to be exchanged for the currency of the realm. This gradually led to the development of the money changer, coiner, and later the banker. One curious fact

was that the money changer was often a licensed coiner, and that there was such a coiner by the authority of the king in every important district. Naturally the money changer or coiner required strong boxes for his own protection, and it became usual for him to receive the valuables of others on



A mediæval strong box and chest were never reliable, as is suggested by this manuscript miniature of the period

deposit. Thus his strong box was probably the second type of safety deposit vault resorted to in the Middle Ages.

A Mediæval cut, which we reproduce, illustrates a money changer in his shop. The money seems to be handled openly behind an unprotected counter, but at each side of the room may be seen a door with strong metal hinges which probably acted as a protection at night.

A Mediæval money coiner's shop is



A mediaeval money changer in his strong room

also illustrated. Here, in the center of the foreground, appears a small chest bound with metal and supplied with a lock. There were probably other strong boxes or a strong room, but they are not shown in the picture.

Analogous to the money changer and coiner was the goldsmith. Sometimes, indeed, he was a coiner and exchanger

as well as a worker in gold. At all events, he had to have a well protected strong box, and there are a large number of instances proving that his shop was used as a safety deposit vault by others. In fact, it was customary for the goldsmiths to solicit the care of valuables somewhat as the safety deposit vaults do at present. In England, at least, this custom remained in force for several hundred years. A Mediæval drawing of a goldsmith's shop gives a fair idea of his wall safe, which may be seen in the background of the picture.

Another very early English custom which shows the scarcity of safe places for valuables was that men of wealth and merchants used to deposit their treasure at the mint in the Tower of London. Sometimes it would be deposited merely over night and taken out the next morning. We reproduce a miniature drawing of the twelfth century illustrating the receipt of money at the mint. As may be seen, it was handled by weight and not merely denomination. But this was not always as safe as it appeared on the surface. There was one brigand even able to plunder the mint. Charles I, for example, seized about \$120,000 so deposited



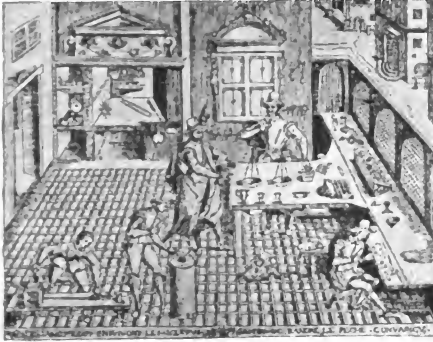
A licensed money coiner of the middle ages. Such shops were often used as safety deposit vaults

for safekeeping at the mint, and it was not repaid until much later and only after the greatest solicitation.

Besides the places for safekeeping which we have mentioned, it was customary for every mansion of impor-

this was not always efficacious is suggested by a Mediæval cut depicting the robbery of a trunk and money chest by two thieves who were possibly servants of the household.

It is hardly too much to say that in spite of all the precautions taken, treasure during the Middle Ages was never really safe. Moreover, one striking fact is that the very seizures or forced loans made by the Government developed the first banks which in time became the greatest safeguards of treasure. For example, in 1156 Venice forced loans at four per cent. Her creditors were later formed into an association with special privileges, and the receipts for the loans were made negotiable. This eventually led to the first great bank of the city. In the same way Genoa in 1345 divided its forced loans due to creditors into shares, and out of the association which followed eventually developed the Bank of St. George. These early banks exchanged currency and received deposits, but it was several centuries before we find a safety deposit vault in the modern sense.



A mediæval goldsmith's shop, also used as a safety deposit vault

tance to have its own strong room and coffers. Sometimes the money chest was kept in the bedroom itself, but that



Receiving money at the Mint in England by weight, about 1180 A. D.



Banking and Commercial Law

CASE COMMENT AND REVIEW

Certification

CERTIFICATION is the acceptance by a bank of a bill of exchange in the form of a bank check drawn on itself, by writing the word "Certified" or "Accepted" over its signature by a proper official. The act is performed either at the request of the drawer of the check or the holder. It is obvious that where the holder presents the check he has the option of demanding payment in cash or taking the bank's acceptance, which is the substitution of a promise in lieu of an order. Certification is a promise of a bank in contrast to an order on a bank.

The bank check and the certified check are both forms of credit, the latter being of a higher quality. The practical effect of certification is to release the maker absolutely, and to accept the substituted promise instead. If, however, the certification is made at the request of the drawer, the subsequent holder has no choice as to whether he will accept an order or a promise, and in this instance the drawer is not released. On account of this rule, it is the practice of some banks when certifying, to stipulate "Certified at the request of the maker" or "the holder" as the case may be, in order to fasten the responsibility.

Checks, after certification, are passed from hand to hand and are endorsed subsequent to the certification. The question arises: "Are these subsequent endorsers also released?" The question is answered in *Felin vs. Petif* in this issue, which holds that where the holder of a check procures it to be certified the drawer and endorsers are discharged, but only those endorsers who

are on the instrument at the time of the endorsement; subsequent endorsers are not thereby released.



Usury

It is a custom among banks in making loans to require that a balance in certain proportions to the line of discount be maintained, commonly called the rule of four to one; that is, the average balance of the borrower must be in proportion of one of deposit to four of obligation. Where no interest is paid on the balance, this, in substance, amounts to the payment of interest on an amount larger than the borrower receives. If, for instance, he borrows \$1,000 and is required to keep \$1,000, he is really paying interest on \$4,000 and receiving but \$3,000.

There is another custom in loaning, which is to take the borrower's note for a certain amount, giving him cash or credit for part and the balance in a certificate of deposit, which cannot be used. This, in substance, amounts to the same thing as the first-mentioned plan. There is a grave question as to whether or not this constitutes usury, inasmuch as the interest, if computed, would be more than the legal rate. This matter is considered in the case of *McCutcheon vs. Marine National Bank* in this issue.

The facts were as follows: Plaintiff was indebted for \$85,000. He had a running account. In the course of events, he was required to pay interest on the sum of \$105,000, representing the aggregate of promissory notes held by the defendant, whereas the

actual indebtedness was considerably less than the amount on which interest was paid. The plaintiff claimed he had paid interest in excess of the legal rate and brought suit to recover the excess. The question is not decided by a court of high jurisdiction, but it holds a warning, that in making arrangements as to balances and payment of interest on money not actually received is risky, and it should not be made part of the loaning agreement; for, if a certain balance is required as a consideration for making the loan, it is quite possible to construe it as a usurious transaction.

this case is: Does the certification of a check by the bank on which it is drawn merely release the maker and all prior indorsers, or also release indorsers subsequent to the certification? The court ruled that a check, once certified, could pass from hand to hand, and the bank alone would be liable, thus discharging indorsers who indorsed subsequent to the certification. The rule seems to be that, while the maker and all prior indorsers are leased by certification of a check (see *First National Bank of Jersey City vs. Leach*, 52 N. Y. 350, 11 Am. Rep. 708), such certification cannot affect the obligations assumed by subsequent indorsers to their indorsee. Section 115 of the Negotiable Instruments Law provides:

"Every person negotiating an instrument by delivery or by a qualified indorsement warrants: That the instrument is genuine and in all respects what it purports to be; that he has a good title to it, and that all prior parties had capacity to contract."

Section 116 of the act provides that every indorser who indorses without qualification warrants to all subsequent holders in due course the matters above set forth as contained in section 115, and that the instrument is at the time of his indorsement valid and subsisting, and in addition—

"engages that on due presentment, it shall be accepted or paid, or both, as the case may be, according to its tenor, and that if it be dishonored, and the necessary proceedings on dishonor be duly taken, he will pay the amount thereof to the holder, or to any subsequent indorser who may be compelled to pay it."

The provision of section 324, that "where the holder of a check procures it to be accepted or certified the drawer and all indorsers are discharged from liability thereon," obviously applies to indorsers at the time of certification, and cannot be deemed to operate as a release of a subsequent indorser from obligations assumed by him after the certification.

Judgment reversed, with \$30 costs, and judgment directed in favor of the plaintiff in the sum of \$65, with inter-

Leading Cases

Certification

NEW YORK

Effect of Certification on Indorsers

New York Supreme Court, Appellate Term,
First Department, Jan. 2, 1918.

JOHN J. FELIN & CO., INC., VS. PETIX

Negotiable Instruments Law (Consol. Laws, c. 38) § 324, providing that, where the holder of a check procures it to be certified, the drawer and indorsers are discharged from liability thereon, applies only to existing indorsers, and indorsers subsequent to the certification are not thereby released.

Action by John J. Felin & Co., Inc., against Angelo Petix. From a judgment for defendant, plaintiff appeals. Reversed and directed.

STATEMENT OF FACT AND OPINION

Guy, J. The plaintiff appeals from a judgment dismissing the complaint in an action brought by the indorsee of a certified check against the last indorser thereof. The bank on which the check was drawn refused payment, because of a question concerning the signature of the payee.

The only point of law involved in

est thereon from the 7th day of February, 1917, and appropriate costs in the court below. All concur.

167 N. Y. Supp. 1073.



Usury

NEW YORK

Supreme Court, New York, Special Term,
Erie County, Dec. 6, 1917.

M'CUTCHEON VS. MARINE NATIONAL BANK

A complaint in an action against a national bank to recover usurious interest paid to it, averring that plaintiff owed defendant \$85,000, represented by certain promissory notes, that plaintiff had a running account in defendant bank, that as a condition of forbearance by defendant of the payment of the indebtedness defendant required plaintiff to execute promissory notes bringing the apparent indebtedness up to \$105,000, upon which interest at the rate of 6 per cent. was exacted, and that such interest payments amounted to \$3,870 for the period between March 1, 1915, and June 29, 1916, stated a good cause of action.

Action by Charles H. McCutcheon against the Marine National Bank of Buffalo. Interlocutory judgment for plaintiff, overruling defendant's demurrer.

Plaintiff in his amended complaint alleged that defendant was a domestic banking corporation, incorporated under the National Bank Act and located in the city of Buffalo; that on September 8, 1914, plaintiff was indebted to defendant for about \$85,000, for which defendant held seven promissory notes; that plaintiff had an open running banking account with defendant, and that defendant discounted such notes and credited their amount, less discount at 6 per cent., to plaintiff's account; that as a condition of forbearance by defendant of the payment of the principal indebtedness of \$85,000 represented by such notes, defendant with the corrupt, unlawful and usurious design of exacting interest on the indebtedness at a greater rate than 6 per centum per annum, required plaintiff to execute his promissory note to defendant for \$82,-

200, in return for two of the seven promissory notes, amounting to \$20,000, and also required him to execute his check in payment of such two notes, as well as a check for \$15,000, under an agreement that plaintiff should not be required to pay any part of the principal sum represented by the various promissory notes, except the actual indebtedness of \$85,000, but that as a condition of forbearance of the payment of such sum plaintiff should thereafter, until such indebtedness was paid, pay defendant interest at 6 per cent. per annum on the sum of \$100,000, being the aggregate of the promissory notes held by defendant; that this at a later named date was increased to \$105,000; that the sole consideration for the \$33,200 note and the two checks was the surrender of the two promissory notes for \$20,000. Plaintiff then alleged numerous renewals and substitutions of the various notes, together with discounts and payments of interest thereon at 6 per cent., and the final surrender of all the notes on the payment of \$85,000 on June 29, 1916. Plaintiff finally alleged that the amounts paid between March 1, 1915, and June 29, 1916, as interest on the various notes, reciting them in detail, aggregated \$8,870.43; that defendant knowingly, corruptly, and usuriously collected and received them from plaintiff for the forbearance of the payment of the principal indebtedness of \$85,000, and as interest on such sum at a greater rate than the lawful rate of \$6 upon \$100 for one year. Wherefore plaintiff demanded judgment for \$17,740.86, with interest and costs.

STATEMENT OF FACT AND OPINION

Marcus, J. The issues of law arising upon the demurrer of the defendant, the Marine National Bank of Buffalo, to the amended complaint of the plaintiff herein, having duly come on for trial before me at a Special Term of this court, on the 19th day of November, 1917, and after hearing James McC. Mitchell, Esq., of counsel for the defendant, the Marine National Bank of Buffalo, in support of said demurrer,

and Roland Crangle, Esq., of counsel for the plaintiff, Charles H. McCutcheon, in opposition thereto, and due deliberation having been had thereon, I do find and decide as follows:

Conclusion of Law. That the said amended complaint states facts sufficient to constitute a cause of action.

It is therefore ordered that the plaintiff, Charles H. McCutcheon, have an interlocutory judgment overruling said demurrer, with costs, but with leave to the defendant, the Marine National Bank of Buffalo, within 20 days after service of a copy of such interlocutory judgment on its attorneys, to withdraw the said demurrer and answer the complaint, upon payment of said costs, and that, in case of the failure of the said defendant to serve an answer and pay said costs within said time, plaintiff have final judgment against said defendant for the sum of \$17,740.86 and interest thereon from the 5th day of April, 1917, the date of the commencement of this action, together with the costs of this action.

169 N. Y. Supp. 839.



Forgery

NEW YORK

Indorsement by Agent—Liability Following Stolen Money

New York Supreme Court, Special Term,
Albany County, January 31, 1918

MANUFACTURERS' BANK OF COHOES VS. PRUDENTIAL INSURANCE CO.

Where a local superintendent of an insurance company made false proof of death, and forged names of payees of checks received, and signed himself, after such forgeries, as Asst. Supt., and the bank relied on such signature, the bank cannot recover from the insurance company the amount of such checks, although the agent had deposited premium money in the bank in his own name and had paid the company by check, the bank being chargeable with reasonable diligence to see that the signatures were not forgeries, and the insurance company was not chargeable with such duty, and the forged indorsements did not pass any title, and there was no contractual re-

lation between the bank and the insurance company, and the agent, in forging proofs of death, was not acting as agent, and the injury being based on a criminal act, the bank was not one of two parties injured by a third party through the fault of the insurance company.

Where an agent of an insurance company had in good faith been depositing premiums in a bank and paying his company by check, such money could not be followed by the bank to make good its loss by reason of checks of the company to pay death claims, to which the agent forged the names of the payees and signed as "Asst. Supt." of the company.

Action by the Manufacturers' Bank of Cohoes against the Prudential Insurance Company of America. Judgment for defendant.

STATEMENT OF FACT AND OPINION

Rudd, J. The plaintiff brings this action to recover \$5,541.57 for money had and received by the defendant from the plaintiff. The facts from which this action arises tell an interesting story of successful criminal acts on the part of Ira J. Bayliss, who succeeded in stealing, during a period from December, 1906, to February 18, 1908, from the plaintiff the sum of money for which this action is brought.

Bayliss was the assistant superintendent in the city of Cohoes of the defendant insurance company. He placed industrial insurance, collected premiums, and in the case of the death of the insured policy holders his duties required him to secure the proofs of death, forwarding such proofs to the defendant at its home office in New Jersey, for which proofs in due time checks in payment of the claims would be sent to him to deliver to the respective beneficiaries under the policies. During the period mentioned, between December 29, 1906, and February 18, 1908, the company received 106,250 sets of proofs of death of persons insured, coming from all parts of the United States and Canada. The company also received over 100,000 claims for general obligations which were paid by check. Checks in number amounting to 206,250 were mailed to its agents in different parts of the United States and Canada,

of which 106,250, payable to claimants, were sent to assistant superintendents for delivery to the claimants in payment of death claims.

Bayliss presented to the plaintiff during the period in question, on nineteen different occasions, checks drawn by the defendant, all of which checks were cashed by the plaintiff, and the amount of the checks, aggregating \$5,541.57, was credited by the plaintiff bank to the personal account of Bayliss. The bank sometimes paid part of each check to him in cash, and at other times gave him credit for the full amount thereof. Each one of these nineteen checks bore a forged indorsement made by Bayliss of the payee's name.

The plaintiff now holds and owns these checks, and seeks to recover the aggregate amount thereof, evidently upon the theory that the money stolen by Bayliss from the bank was the act of an assistant superintendent of the defendant, and that therefore the defendant should make good the amount of said checks to the bank. The bank seemed to have made no effort to learn whether or not the indorsements of the payees' names were original and genuine. The bank purchased the checks, placing the amount thereof to the credit personally of Bayliss, evidently assuming the indorsements to be genuine, upon Bayliss' indorsement of the checks under the forged names of the payees. This was true, save in reference to three particular checks, aggregating \$1,272.99, which checks were as follows: Patrick Murtaugh, July 11, 1907, \$258.81; Margaret Burns, February 14, 1908, \$514.18; Bridget Murtaugh, February 17, 1908, \$500—in each of which cases, the payee named in the check apparently not being able to write, the indorsement was made with a mark; Bayliss placing his name on the back of the check merely as a witness, not as an indorser.

Fifteen of the checks cashed by the plaintiff and placed to the personal credit of Bayliss were issued by the defendant upon forged proofs of the alleged death of persons insured by the defendant, but who had not died. Four of the nineteen checks were issued by

defendant after the actual death, and receipt of due and proper proofs of death, of the persons upon whose lives defendant had issued policies. Of these four checks last mentioned Bayliss forged the indorsements of the payees and obtained personally the proceeds thereof. Each of the nineteen checks was sent to Bayliss to deliver to the payee named. He delivered no one of the checks, but forged the name of each payee named and indorsed his own name, or witnessed the making of a mark, thus stealing from the bank the money represented by the checks.

Bayliss' method with reference to the fifteen checks issued upon forged proofs of death was thorough and comprehensive, to say the least. In these fifteen cases, where checks were issued upon forged proofs of death, there had been issued to each one of the parties named a policy upon the life of a person living, premiums had been paid upon the policy for a certain time, after which, desiring to cancel the policy, it was surrendered to Bayliss, representing the company. Bayliss paid to these insured persons a small amount as a surrender value, thus securing possession of the policies and of the premium receipt books. The insured in each case was alive. When the policies and premium receipt books were surrendered to Bayliss for cancellation, instead of sending them to the company as surrendered and to be canceled, Bayliss forged fraudulent proofs of death of the insured and forwarded such proofs to the company.

These forged proofs of death were accompanied by the original policies and the original premium receipt books, showing payment of premiums to the date of the alleged death. Bayliss furnished to the company: (1) The attending physician's certificate, giving the date and cause of death of the insured. (2) The claimant's certificate, stating the relationship to the insured and by what right the amount of the policy is claimed by him. (3) The certificate of identity, stating how long he had known the insured, the date of death and that he had viewed the remains. (4) The certificate of the assistant superintendent, Bayliss, stating

the date that he personally viewed the remains.

In cases where the amount of insurance exceeded \$500 Bayliss furnished additional forged papers as follows: (1) Affidavit of attending physician, purporting to have been sworn to before a notary public. (2) Affidavit of identification by party who had known the insured five years, stating the date of his death and that the party had viewed the remains; this affidavit also purporting to be sworn to before a notary public. (3) Claimant's certificate that she was the wife of the insured. (4) Certificate of the assistant superintendent, Bayliss, certifying that he had personally viewed the remains. (5) Undertaker's certificate of burial.

Every one of these papers was a forgery. The signature by the notary public, the certificate of the county clerk as to the genuineness of notary's signature, the doctor's, the undertaker's, the friend's—all of them forged. In return for these papers the company forwarded checks in payment of the policy obligations. These checks, made in the names of the respective claimants, the plaintiff cashed and placed to the credit of Bayliss individually.

From the amount thus deposited to his credit Bayliss used the money for his own purposes, paying his own bills, and there is no evidence in the record that the defendant ever received any of this money from Bayliss. In the cases where there were claimants upon policies existing, where the insured had died, Bayliss did not deliver the checks to the claimants, but forged the names of the payees, and the bank purchased these checks. Bayliss suddenly left Cohoes and the employment of the defendant, was thereafter arrested in California, convicted of the crime of forgery and grand larceny in forging the names of the nineteen payees and in stealing the money represented thereby from the bank, and he served the term of his sentence at Clinton prison.

The indorsement made by Bayliss upon 16 of the checks, where he forged the indorsement of the names of the payees, was "Ira J. Bayliss, Asst. Supt." This indorsement was made

after the forged indorsement of the payee. When he witnessed what pretended to be the signatures of the payees who were not able to write, but who indorsed with a mark, the form of his witnessing was: "Witness: Ira J. Bayliss, Asst. Supt."

All of the checks thus indorsed by him were deposited by him, either in whole or in part, to his individual account. Of the aggregate amount of \$5,541.57 the bank credited his account with \$1,408.66, and Bayliss was paid personally in cash \$1,132.91. The first of the forged checks were presented to the bank by Bayliss, December 29, 1906. Prior to this time the deposits by Bayliss consisted mostly of currency. After that time they were largely checks. He paid from his account from time to time to his superior, the local superintendent of the company at Troy, moneys which he collected from insurance premiums, and these payments were always made by him with checks certified by the bank.

The plaintiff claims that because Bayliss indorsed these checks as assistant superintendent, and that the signature of Bayliss on the back of the checks was genuine, and the fact that he deposited the proceeds of the checks in his own personal account in which he had been making deposits of collections of premiums, that these circumstances were assurances on which the bank relied in taking the checks and giving Bayliss credit for them to the amount that they did give him credit, and in giving him cash in the amount in which they did give him cash. The contention of the plaintiff is therefore that because Bayliss, who was known as the assistant local superintendent in Cohoes, and who collected premiums which he transmitted to his superior, the local superintendent in Troy, brought to the bank checks made payable evidently to beneficiaries as death claims upon policies, which checks were drawn to the order of a payee whose signature appeared to be upon the back of the check, that therefore the bank had no responsibility, when asked to pay cash to Bayliss personally for such check or to deposit the amount of such check to the

credit of Bayliss personally, to inquire and to satisfy itself as to the genuineness of the indorsement of the payee named in the check.

The bank was chargeable with reasonable diligence to see that the signatures were not forgeries. There was no duty on the part of the insurance company to look for forged indorsements of the payees of the checks. The insurance was not under duty to compare the endorsement on the checks with the genuine signatures of the payees on file in the office. *Prudential Insurance Co. vs. National Bank of Commerce*, 177 App. Div. 438.

The first forged check was presented by Bayliss to the bank for deposit was payable to Mary Poupert for \$698. The bank was not obliged to cash the check, and certainly was not obliged to deposit it to the credit of Bayliss personally. The bank evidently did purchase the check solely upon the responsibility of the indorsement by Bayliss, without ascertaining whether the indorsement of Mary Poupert was genuine. This same method evidently prevailed with reference to the eighteen other forged checks.

The bank could have taken this paper or not, as it pleased. These checks were taken, as is the general custom and in accordance with the law, relying solely upon the reputed responsibility of the transferers of the paper and its apparent genuineness, and they took it upon that assumption at their peril. *Gallo vs. Brooklyn Savings Bank*, 199 N. Y. 222. As was said in *Shipman vs. Bank of the State of New York*, 126 N. Y. 318, the plaintiff bank in each case took these checks without inquiry as to the genuineness of the indorsements and relied entirely upon the responsibility of the person presenting the same for payment, and not in reliance upon anything done or foreborne, except the fact that the checks bore the indorsement of Bayliss.

The defendant had a right to assume that any bank cashing or handling, or passing along, the checks which the defendant had issued in payment of claims would ascertain with reference to the genuineness of any and all indorsements

thereon. The plaintiff in purchasing these checks obtained no right, title, or interest in or to the checks; a forged indorsement does not pass a title to commercial paper, negotiable only by indorsement. *Citizens' National Bank, etc., vs. Importers' and Traders' Bank*, 119 N. Y. 195. In the forgeries committed by Bayliss, in making false proofs of death, forging the names of the payees and through such instrumentality stealing the money from the plaintiff, he was not acting as agent of the defendant. *Shipman vs. Bank*, 126 N. Y. 318; *Frank vs. Chemical National Bank of New York*, 84 N. Y. 209.

This is not a case where the loss must fall upon the one of two innocent persons who had enabled the third party to do the injury, because the injury was brought about through the instrumentality of a criminal act. *Nash vs. More*, 165 App. Div. 67. The rule is laid down in *Critten vs. Chemical National Bank*, 171 N. Y. 219, that the doctrine of ratification or estoppel has no application when money is stolen from a bank through the bank's contributory negligence.

There is no proof that any of these moneys were paid by Bayliss to his employer. The facts upon the record show that the only moneys paid by Bayliss to the company were premium moneys which Bayliss had actually collected weekly upon policies issued by the company. Such money was received in the usual course of business and in good faith, and for that reason it cannot be pursued by the bank to make good the loss which the bank has sustained through the cashing of the forged checks. *Ball vs. Shepard*, 202 N. Y. 247, 95 N. E. 719.

There was no mistake between the parties to this litigation. There was no privity of contract between them. The bank dealt with Bayliss as an individual, and only as such. There was no mistake of dealing between the bank and the insurance company. The checks were not payable to bearer; Bayliss forged the indorsements of the payees, and the bank upon Bayliss' indorsement purchased each check, without ascer-

taining whether the indorsement was genuine or otherwise.

Findings may be submitted in accordance herewith, and upon such findings judgment may be entered dismissing the complaint, with costs.

168 N. Y. Supp. 913.



Savings Bank

NEW YORK

Notice of Withdrawal

Supreme Court, New York, Appellate Term,
First Department, April 1, 1918

MYEROWICH VS. EMIGRANT INDUSTRIAL
SAVINGS BANK

Where suspicious circumstances exist, connected with the withdrawal of a savings bank account, reasonable care for the protection of the depositor requires the bank to avail itself of its privilege of withholding payment for 60 days, in order to make inquiry as to whether the withdrawal is by the depositor's authority.

Where a notarial certificate is not required by law, it carries with it no presumption as to authorization or authenticity of the instrument to which it is attached.

STATEMENT OF FACT AND OPINION

Action by Fanny Myerowich, personally and as guardian of Meyer Myerowich, against the Emigrant Industrial Savings Bank. Judgment for plaintiff, on verdict of jury, and defendant appeals. Affirmed.

Per Curiam. In view of the illiteracy of the depositor, coupled with the fact that three accounts, which for many years had not been drawn upon to any considerable extent, were being simultaneously entirely withdrawn, we think reasonable care in the protection of the depositor required the defendant savings bank to avail itself of the 60-day clause to make proper inquiry as to whether such withdrawal was made by authority of the plaintiff.

The notarial certificate, not being required by law, carried with it no presumption as to authorization or authenticity.

Judgment affirmed, with \$25 costs, with leave to appeal to the Appellate Division.

170 N. Y. Supp. 38.

A Distinctive National Trade-Mark

Views of the Trade Information Committee, American Chamber of Commerce in London

THERE is much anxiety expressed by members of the American Chamber of Commerce in London concerning H. R. Bill 10366, introduced into the House by Representative Sims, providing for a distinctive national trade-mark, under Government license, to be attached to goods of American origin.

Present criticism of the bill by Americans in London is entirely based upon a reading of the bill itself; no other disclosure of the Government's objects is

yet to hand, therefore members of the chamber restrict their criticism to the broad principle involved in any legislation to create a distinctive national trade-mark to be applied to American exports indiscriminately.

Members of the chamber, being vitally interested in the development of American trade abroad, view with alarm the suggestion of the proposed identification of American goods by means of a distinctive mark, as it is obvious that if such official mark be indiscriminately

applied to good, bad and indifferent American products, it will operate to the detriment of efficiently produced standardized American goods of quality.

Responsible American producers are considered able to establish the pre-eminence of their products under their own marks of identification, and will be little interested in an omnibus trademark maintained by the Government to carry reputable or disreputable goods.

Makers of unstandardized and dishonest goods would be especially eager to avail themselves of the opportunity thus presented to betray the confidence of foreign traders and consumers by the use of such common official trademark. Such practice would inevitably result in undermining American trade prestige abroad to the serious disadvantage of legitimate export enterprise.

The American Chamber of Commerce in London has a membership of over 600, including representatives of most important American concerns engaged in Commerce with Great Britain. Its members fear that legislation along the

lines of the above bill necessarily carries dangerous possibilities, demanding great caution and elaborate safeguards to protect American export trade interests in European markets. It is the current opinion of members that any common official mark is dangerous to export trade unless it be absolutely restricted to a standardized quality of goods only. Such restriction is believed to be impractical and impossible of efficient application. Further, goods selling to the general public in the British and other commercially developed European markets would in no way be benefited by a displayed mark of foreign origin.

It is hoped by representatives of American trade interests in Great Britain that any proposed legislation dealing with this important matter will be closely scrutinized by all those seriously interested in the welfare of American export trade, and that hasty action to achieve some immediate object will not be permitted to injure the permanent upbuilding of American trade interests abroad.

Convention of Reserve City Bankers

AT the convention of the Association of Reserve City Bankers, held in New York, June 6 and 7, the following telegram was sent to President Wilson:

We, the members of the Association of Reserve City Bankers, representing the large banks in the sixty-one Reserve cities of this country, in convention assembled in New York City, June 6, 1918, desire to express to you our confidence in you and your administration, and our active and continuous support in the prosecution of the war. We further pledge our assistance to the uttermost in men, material and money, so far as in us lies, confident that with your magnificent leadership and the coöperation of the American people, so significantly in evidence to-day, the one and only conclusion

of this great conflict will be an absolute and overwhelming triumph for America and its Allies.

A cordial reply was received from President Wilson, which was read to the convention by Secretary F. W. Ellsworth.

A report on acceptances, by A. Breton, chairman of the Association's Committee on Acceptances, and vice-president of the Guaranty Trust Co. of New York in charge of the foreign department, was made during the proceedings of the concluding session of the convention, and a discussion on the report followed, led by Charles F. Herb, vice-president of the Mississippi Valley



THOMAS B. McADAMS

Vice-President Merchants National Bank, Richmond, Va. and Newly Elected President Association of Reserve City Bankers



JOHN W. STALEY

Vice-President Peoples State Bank, Detroit, Michigan, Retiring President, Association of Reserve City Bankers

Trust Co. of St. Louis. The report presented by Mr. Breton said, in part:

In making the report for your Committee, it may be well to commence by giving you a few statistics regarding the growth of the acceptance business in the United States.

Between Nov. 20, 1917, and March 4 of the present year, acceptance liabilities of the national banks increased from \$153,645,000 to \$230,164,000, about fifty per cent. For a slightly shorter period the trust companies in Greater New York report an increase in their acceptance liabilities from \$98,268,000 to \$104,920,000, less than seven per cent.

Acceptances held by Federal Reserve Banks on dates nearest the time of the Comptroller's calls likewise show a substantial increase from \$209,900,000 on Nov. 23, 1917, to \$317,900,000 on March 8 of the present year. Since then these holdings have slightly decreased, the total for April 26 being \$302,400,000.

The acceptance liabilities of other American banking institutions in leading cities and certain States at the time of two recent calls made by the Comptroller of the Currency are as follows:

	Nov. 20, 1917	MAR. 4, 1918
All national banks..	\$153,645,000	\$230,164,000
Trust companies in		
Greater New York	98,268,000	194,920,000
State banks in		
Greater New York	5,783,000	7,345,000
Trust companies and		
State banks in		
Boston.....	17,604,000	18,673,000
In St. Louis..	1,867,000	5,122,000
In Baltimore...	70,000	470,000
In State of		
Ohio.....	...	281,000
In State of		
California..	551,000	951,000
In State of New		
Jersey.....	...	293,000

In the fourth annual report of the Federal Reserve Board it is shown that from the commencement of the Federal Reserve System up to the 31st of December, 1917, ninety banks were given authority by the Federal Reserve Board to accept bills of exchange up to one hundred per cent. of their capital and surplus, thus evidencing the fact that this number of banks were sufficiently interested in the acceptance business to make application for this privilege.

To give some indication of the growth of the acceptance market, this report also states that in 1915 the Federal Reserve Banks had bought in the open market acceptances to

the amount of \$64,000,000, in 1916 \$386,000,000, and in 1917 these figures were increased to a little over \$1,000,000,000.

On the other hand, commercial paper discounted for member banks and other Federal Reserve banks shows the following large increase:

1915	\$ 161,000,000
1916	207,000,000
1917	9,000,000,000

It should be borne in mind, however, that notwithstanding the disparity those figures show between acceptances purchased and commercial paper rediscounted by Federal Reserve Banks, there is a great deal of encouragement to be derived from the normal and healthy growth shown by the figures on bankers' acceptances.

F. I. Kent, director of the foreign exchange division of the Federal Reserve Board and vice-president of the Bankers Trust Co. of New York, addressed the convention on "Government Control of the Foreign Exchanges."

Following Mr. Kent's address there was a discussion of the subject led by J. H. Herzog, vice-president of the National Commercial Bank of Albany. Charles R. McKay, vice-governor Federal Reserve Bank, Chicago, Ill., delivered an address on "Functions of the Federal Reserve Bank," followed by a report of Frank K. Houston, chairman of the committee on commercial credits and audits, and vice-president Third National Bank, St. Louis, Mo., and by a report by J. A. Walker, vice-chairman of the committee on domestic exchange and transit and assistant cashier Corn Exchange National Bank, Chicago. The

discussions on these papers were led by E. B. Clare-Avery, assistant vice-president National City Bank, New York; L. F. Kiesewetter, vice-president Bank of New York, N.B.A.; C. B. Hazlewood, vice-president Union Trust Co., Chicago. Aside from the address of Mr. Dupuis (vice-president of the Citizens National Bank of Cincinnati), on "Trade Acceptances," Morton H. Fry of Bernhard, Scholle & Co., New York, spoke on the "Sale and Distribution of Acceptances." The discussions following each address were led by George B. Smith, assistant cashier of the Continental & Commercial National Bank, Chicago, and by Eugene W. Stetson, vice-president of the Guaranty Trust Co. of New York, respectively.

The Association of Reserve City Bankers elected as their president for the ensuing year Thomas B. McAdams, vice-president Merchants National Bank, Richmond, Va., succeeding John W. Staley, vice-president Peoples State Bank, Detroit; George B. Smith, assistant cashier of the Continental and Commercial National Bank, Chicago, was elected vice-president. Immediately after the close of the convention the directors elected as treasurer Walter Kasten, vice-president of the Wisconsin National Bank, Milwaukee, Wis., and J. F. Cox, assistant cashier of the Interstate Trust and Banking Co., New Orleans, La., was elected secretary. The association decided to hold its 1919 convention in New Orleans.

Light on Overdrafts

RECENTLY in the Senate of the United States the subject of "overdrafts" was under discussion, and some very interesting observations were made. Senator Weeks of Massachusetts, formerly a banker himself, took the view that the overdrawing of a bank account was hardly so serious a matter as some people think. He said:

I think the evil arising from overdrafts has been very greatly exaggerated. It is true that years ago banks in some sections of the country were in the custom of loaning money and carrying the loans as overdrafts instead of taking notes. I have known of very large loans made in that way, and that was a matter of agreement between the bank and the bank customer. That system has been practically given up, so far as I know.

On the other hand, there are conditions which arise which necessarily require an overdraft. For example, a country bank may wish to borrow of its reserve city correspondent. It calls on the telephone and borrows \$50,000 or \$25,000, or whatever the amount may be, and the money is immediately put to the credit of the country bank, which then forwards its security and its note and draws for its needs. It overdraws its account, and this could not be done without a personal responsibility even under the provision which has been introduced by the Senator from Utah, thereby greatly interfering with the expedition of business.

Moreover, everybody knows that there are constant overdrafts of banks in small amounts. Very often people do not carry their bank balance correctly on their own check books, and frequently it would be an extremely embarrassing thing to throw out a check drawn by a good depositor—a check which should be paid and paid promptly, but which would produce an overdraft.

There may be some, but I do not recall any testimony which indicates that there have been serious results arising from overdrafts in producing failures of banks, but if it has been done it has been done as an error of judgment, not as an error of policy, because no officer of a bank would permit an overdraft of any size unless he were willing to loan the person making the overdraft that amount of money on his promissory note.

In every well-regulated bank the overdraft will appear on the books of the bank, and in the morning there is reported to the president or the proper officer of the bank the total amount of the overdraft. There is not anything about it that is not open and business-like in banks that are properly run.

I think myself that this bill is largely of a camouflage order, and that it is a mistake for us to be legislating in matters of this kind, putting statutes on the statute books which are not necessary and which will not produce any reasonably beneficial results.

Senator Williams of Mississippi frankly owned to difficulties in keeping his bank account clear of overdrafts. This is the way he told of his troubles:

Mr. Williams. Mr. President, I agree with the Senator from Massachusetts (Mr. Weeks) substantially in what he has said. The fact that very frequently a loan by a bank by way of an occasional overdraft where the depositors are not keeping a close account is one of the safest assets of the bank, much safer than an ordinary

piece of paper, because a man can be made to settle at once. All you have got to do is to call upon him and he must come or lose his credit. It is not like carrying a few days beyond the grace a promissory note and all that.

Now, just to illustrate, Mr. President, during the entire last year there was hardly a month went by without my overdrawing my Washington bank account. The man at the bank would call me on the phone or write and say, "Mr. Williams, that last check has overdrawn your balance \$10"—sometimes \$5, \$20 in one or two cases, and I remember over \$110. Immediately back would go a check sent by me upon another bank, in which I knew I had a balance, to meet the draft, or else a draft upon the Secretary of the Senate, payable on the next pay day, to be discounted and the net proceeds placed to my credit.

Most people are not running a commercial business. I am not running one. I can not go to keeping books with anybody, not even my bank. The bank knows I am good; all the banks I deal with do, and they are not afraid of my overdrawing \$10 or \$100.

It is absolutely folly to try to make it appear that a bank is committing some fault, or that I am, merely because I do not keep books. I never kept a set of books in my life, and I do not expect to do it. I do not intend to be worried by that sort of thing. I hope to die without having experienced that nuisance. I would quit doing business with any bank in the world that turned down my draft because I had overdrawn my account when it knew that all it had to do was to let me know and it would get its \$10 or \$100.

As the Senator from Massachusetts said, I do not see much in this one way or the other. The bill does not provide a penalty for an overdraft. It merely provides that there shall be a list and the list shall be published. Whenever any bank carries on anything like good business, if there is any overdraft that has been extended and the man who has made the overdraft did not pay it is reported right away to the bank, and they come back to you, and it requires no law for them to do it.

Where is one law of business for a commercial man, a trader, a bookkeeper, and there is another law of business for an ordinary fellow who is neither. I object to be put in the attitude of seeming to try to violate some commercial principle because I accidentally overdraw my account in a bank. It happens to me very frequently. It happened month before last. All I did was to draw a check upon the bank of Yazoo City to fill out the overdraft upon the bank here and sent it right down as soon as they phoned me from the bank.



Women in Banking

(From an Address Before the Convention of the New Jersey Bankers Association, by MISS ADELE H. KIRBY, Assistant Secretary and Treasurer Plainfield Trust Co.)

LIKE all great economic forces our women power must be developed if the men who have for so many years borne the heat and burden of the day are to have the support and assistance they now need. Constantly increasing demands are being made upon our bankers; absorbing problems are claiming their attention, and it is essential that their minds be free to make the big decisions on which hangs the future of our financial system. They must be relieved of detail and analysis and it is woman who must furnish this relief. That will be one of her functions.

Another will be found in the bank cages. Here women have been little in evidence but if she have the right personality, the woman teller may prove a valuable asset to the institution. Atmosphere is an important factor in the modern bank and woman's social instinct can create an atmosphere of hospitality that will be the means of holding old customers and attracting new ones. The "personal element" in business is being emphasized more and more and the majority of people respond to the personal touch, although one good lady came to me recently in a state of great indignation because she had received a letter from us in which we had expressed the hope that her relation with the company would be pleasant and she wanted us to understand that it was all a mistake as she had no relations in the bank, in fact we were all strangers to her.

Probably many in the audience to-day represent institutions located in commuters' towns where the major part of the male population departs in the morning, not to return till the banks are closed. In such communities about three-fourths of the banking is done by women. Have you thought of the advisability of having a woman's department with a woman officer in charge? Of course there is the woman customer, as well as the man, who may prefer to deal with a man official and she should always be allowed that privilege, but there is also the timid, inexperienced woman who would

rather display her ignorance to a fellow woman than to a man before whom she naturally wishes to appear at her best. I know that to be a fact for I have had many encounters with women of this type. One day a bashful little lady approached me and asked if she was in a trust company. When I told her that she was, she said: "Then I wish you would please trust me for \$100." Another who was seeking a mortgage loan on a certain unimproved property said that she knew it was amply good for the amount asked for as she had raised on that very piece of land a hog which weighed over four hundred pounds.

If women are to find their sphere of greatest usefulness, they must have your help. Try to remember that with them the business point of view is acquired and not intuitive: That they are ordinarily deprived of the business intercourse which helps to keep man broad and sane; that in their effort to take their work seriously, they may make the fatal mistake of taking themselves too seriously. In a word, give them the benefit of your counsel and experience. If the material on which you are working is of the right sort, the results will more than justify the expenditure of time and patience.

If you are to have the full benefit of what women have to give, you must be ready to trust woman's judgment, as well as her work. The right balance cannot be maintained if we are to have a business world of masculine judgment and feminine labor.

If there is to be a proper relationship between you and your women helpers, you must try to realize that we women want to supplement and not supplant you.

Those of you who attended the convention three years ago will doubtless recall this toast which was repeated last year: "Here's to woman, the power behind the throne—God help the king." I am going to take the liberty of changing that toast somewhat so that it will express the spirit of what I have been trying to say to you: "Here's to woman, the power beside the throne—God's help to the king."

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000

The Russian Banking Situation and Its Meaning to the World

By A. O. CORBIN, Head of the Foreign Department of A. B. Leach
& Co. Inc., New York

I WAS in Russia during the days of the revolution from March till October. I have traveled through Russia proper and through Siberia, and I have tried to understand the Russians and the Russian situation by close observation, and by trying to live with the people, and share their troubles.

I have seen the disorder in Petrograd, but I have also seen the endless fertile plains of Russia and Siberia. I have witnessed riots and anarchy, but I have also seen the greatest display of energy, zeal and devotion. I have heard blasphemy, but I have also heard the church bells chiming over each corner of Russia.

I have studied the Russians and I admire them; as a people I have found them honest and sincere; as individuals, often exceptionally able.

This is the time to take the helm and

to help Russia. Out of the present chaos of the revolution will come the rebirth of the Russian nation; out of the present state of despondency will arise the state of exaltation; out of the present suffering will emerge the future leaders of the country, her captains of commerce and industry.

This may seem a bold statement, but it is an opinion shared by many a man soundly informed on the situation today. I myself, for instance, know of a great deal of American money ready for investment in Russia, and I also know of a great deal of Russian money on deposit in New York, anxiously awaiting the opportune moment to seek employment in Russia. I could mention right now the name of one of Russia's ablest financiers who has on deposit in New York \$1,000,000, and is watching the Russian situation from day to day.

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RUSSIA'S ECONOMIC FUTURE

Russia * * * is looking for co-operation; coöperation to help her develop her wonderfully fertile plains, in order to bring forth the rebirth of her splendid nation; coöperation to work the untold hidden treasures of her soil, and above all, coöperation to help her reëstablish her monetary system, in order to help her uphold her traditionally sound credit.

Who should come forward to her call if not America?

Two reasons why America should do this, both very important and very far-reaching, appear at the horizon of our future.

First of all, Russia to the United States of America has always been the country of unlimited possibilities; American capital, brains and foresight, breadth of vision and creative genius, American business methods adapted to Russian conditions and American organization can work miracles in that undeveloped and wonderful country, so

immensely rich in productive forces, so boundless in extent, so amply supplied with brains and healthy and ever-increasing labor.

The capital engaged in Russia's industry, so far as it is controlled by industrial joint stock companies, according to the official data issued by the Russian Minister of Finance in 1913 (the latest official data at my disposal), amounted to approximately, roubles 3,000,000,000, or \$1,500,000,000 (nominally).

Yet Russia has scarcely been touched; her industrial development is only in its infancy. Though twice the size of the United States she has only one mile of railroad where we have ten.

But there is a second reason why the United States should endeavor to join hands with the Russian people.

The proper development of Russia's resources is a vast undertaking. America is the logical leader for this great undertaking, and with America will go Great Britain and France, together with our other allies. In other words, Rus-

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sia today presents opportunities in which all the respectable and respected governments now lined up should participate, because an undertaking of such magnitude is of the greatest importance not only commercially, but even more so politically.

And there is one way in which leads to that goal—only one way: I wish you to follow it with me. It is the way to the heart and arteries of Russia; it is the appreciation of the immediate, urgent and absolute necessity for close American coöperation with the entire chain of commercial banks in Russia with a view of preventing a German commercial control of Russia, a danger greater than perhaps is generally realized.

In order to understand this situation clearly, it is necessary to realize what the banks in Russia really amount to.

It would take up too much of time and patience to mention all the important highly modernized banks of Russia, their capital, reserves, deposits, loans, etc., but I will just mention two institutions, which rank high among the leading ones.

The first is the Azoff Don Commercial Bank.

Its capital in 1916 was 60,000,000 roubles, or \$30,000,000; reserves, roubles 52,000,000, or \$26,000,000; loans and discounts, roubles 550,000,000, or \$275,000,000.

This bank has about seventy-five branches all over Russia.

Under the admirable presidency of Mr. Boris Kamenka, Russia's recognized greatest financier, and his emi-

nent assistant, Mr. Witold Czamanski, this bank can stand comparison with any of the biggest banking institutions in the world.

The second bank I would like to mention is the Petrograd International Commercial Bank.

Its capital in 1916 was roubles 90,000,000 or \$45,000,000; reserves, roubles 30,000,000 or \$15,000,000; deposits, roubles 590,000,000, or \$295,000,000; loans and discounts, roubles 460,000,000, or \$230,000,000.

This bank has nearly 100 branches all over Russia.

Mr. A. Vishnegradski, the son of the famous Minister of Finance, is its eminent president, and Mr. J. Bloch his excellent collaborator.

(The deposits of both banks increased to about 1,000,000,000 roubles in 1917, but 1917 was too abnormal a year from a monetary point of view, and if I mention this here it is only as a matter of historic interest.)

If we stop to consider the above figures and find that they compare favorably with any of our own leading institutions, and if we then realize that I could mention many others in the same class, such as the Russian Bank for Foreign Trade, the Russo-Asiatic Bank, the Siberian Commercial, the Moscow Merchants Bank, etc., then we can appreciate the far-reaching importance of these banks to a country in the infancy of its industrial development, and then we can begin to lift up the corner of the magic carpet hiding the commercial and political consequences of a close coöperation with these institutions.

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welcomes and appreciates the accounts of banks and bankers. Its extensive clientele, developed during more than fifty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory relations maintained with correspondents.

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JAMES B. FORGAN
Chairman of the Board

F. O. WETMORE
President

An analysis of the banking situation, in Russia, reveals that it differs in substance from that in any other country. The reasons for this lie in the fact that by far the greater part of industry is under control of the banks; only a limited part of it is autonomous and in the hands of a number of wealthy merchants.

Life in Russia has caused things to be so. There are few people who have sufficient money to run an industry, few who have the organizing talent required, few who want to be bothered with it; consequently the banks have stepped in and not only do the financing, but also the managing; therefore, in the Russian bank buildings we find many headquarters of Russian industrial enterprises. On account of this the banks occupy an exceptionally important position, both economically and politically.

Today therefore we see the Russian banks in control of many railways, of iron and steel, grain, coal, oil, sugar, cotton, silver, platinum and other indus-

tries, and consequently the banks really control the entire Russian situation.

If the above is correct, then it is also logical to say that a great part of the problem of Russia today centers around the banks and that the commercial co-operation with Russia, with all its economic and political consequences, will have to be won from Germany with dollars, just as much as battles have to be won with men and metal.

MUST MEET GERMAN COMMERCIAL AGGRESSION

In order to understand this thoroughly one should never lose sight of the fact that Germany undoubtedly has in view commercial gains consisting of the capture of the foreign markets and chiefly the Russian markets. Is it only militarism we are facing, or also the aggression of the German banks and industries? Will Germany, defeated in the military sense, remain aggressive commercially? We hope not, but we

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and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	.	.	.	(\$5=£)	\$12,500,000
Paid-up Capital	.	.	.		3,125,000
Reserve Capital	.	.	.		3,500,000
Subscribed Capital	.	.	.		6,250,000
Reserves	.	.	.		1,977,235
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can prevent a good deal by being prepared. We are not out to control Russia; we only want to help and to coöperate, and to do this effectively there seems to be only one thing that can be done, and we can do it.

We should become sufficiently interested in the Russian banks and industries to make it impossible for Germany once and for ever to bring Russia under her financial, commercial and political control.

The aggregate market value of the Russian industries before the war was approximately 6 billions of roubles or 3 billion dollars, whereas today it is approximately 12 billions of roubles or about 1½ billion dollars; therefore we can readily say that the equivalent of the market value of the Russian industries is only fifty per cent. of what it used to be before the war, though these values have doubled in price. The same would apply to the banks. Whereas the aggregate market value of the capital of the leading banks before the war amounted to approximately 500,000,000

roubles, or \$250,000,000, to-day it would amount to roubles 1,000,000,000, or \$125,000,000. These banks would bring with them enormous deposits.

Through becoming interested in Russian banks and industries we would not only become the commercial coöperators with Russia, but we would also give new impulse to Russian industry, and through that find employment for Russia's billions which are now lying idle in the banks.

And in this, to a great extent, would also lie the solution of the intricate problem of the Russian valuta, and any investment which would tend to bring this about would easily double, nay treble in value.

But what is all this compared to the political side of the question?

Once we come to a basis of real coöperation and real understanding with Russia—a coöperation which would be heartily welcomed by the Russian financial and industrial interests—we would have helped that splendid country in the way she so fully deserves.

The Java Bank

AFTER the close of the Napoleonic period the Kingdom of the Netherlands gradually obtained that part of the sphere of influence of the liquidated Dutch East Indian Company in what we know as the Dutch East Indies, comprising Sumatra, Java, a large part of Borneo, Celebes, part of New Guinea and the smaller islands of that Archipelago. This territory extends over a surface as wide as the distance from San Francisco to Boston, contains some 40 million inhabitants and possesses an exceedingly fertile soil and a productive climate. Thirty million people are crowded together in "the Garden of the East," as an American author has christened the Islands of Java. It is therefore the most important island of the group, containing also the seat of government—Batavia—which is the financial center as well, while Sourabaya is the principal shipping port.

The native being a born agriculturist raises most of his requirements himself. The colonies had in 1916 a foreign trade of some 570 million dollars (exports, \$390,000,000, and imports \$180,000,000). This trade is financed by five

Dutch and branches of two foreign banks.

The Javasche Bank, with head office at Batavia, is the bank of issue for the colonies. As soon as the Netherlands Bank had been established the need for a similar institution was felt for Java and plans for its establishment ripened in 1827. Devoid of all statistics, with a complicated currency system, the first managers had to grope absolutely in the dark. Apparently they possessed the required skill, at least the Java Bank is still in existence and many of its presidents have been called to high posts in the mother country. Some of them became presidents of the Netherlands Bank (of issue) and it will be remembered that a few years ago Mr. Vissering acted as advisor for the Chinese Currency Reform at the instance of the international banking group.

It may be of interest to quote that the Banque de France dates from 1844, the Belgian Bank from 1848 and that the Bank of England obtained its charter for England and Ireland in 1854, while the European student exclaimed "at last" when the Federal Reserve Sys-



Head Office of the Javasche Bank at Batavia



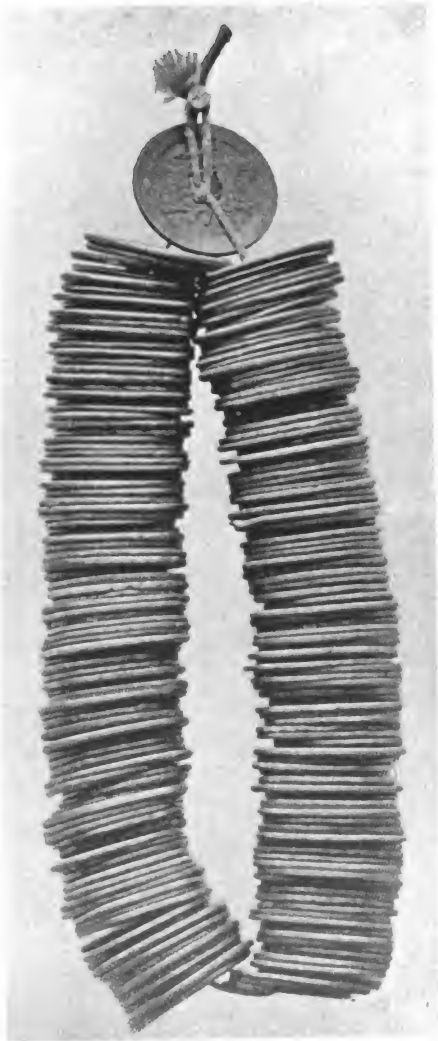
Java Bank, Makassar Branch

tem was established for the United States only a few years ago.

The history of the Java Bank has been a continuous struggle against copper coin. In the '40's only silver may be said to have been definitely introduced but the struggle went on in more remote districts as they were brought under direct Dutch rule. That there has been a period in which falsifications were a great source of illegitimate profit stands to reason. Even European metal plants made a regular business thereof. An illustration of the native clumsiness in money matters is given in the string reproduced. It contains 200 pennies. Species of such pennies were in circulation on one small island, all varying in size and composition. The quality is often so bad that they will oxydize when stored, forming a solid lump or crumbling to dust when transported by car. Their value fluctuates between 1,200 to 2,100 per dollar. As an average eight such strings value merely a dollar and weigh thirteen pounds.

Bimetallism has also seen its turning

point in the colonies. Indeed they took quite a lead over all the other Asiatic countries. The question was already settled in 1877 under the stress of circumstances and in analogy to the action of the mother country, where the same silver denominations circulate now as a limping standard. Gold pieces are issued for ten and five guilders (\$4.00 and \$2.00), and the Java Bank has always been able to uphold the gold par-



Native clumsiness in money matters. Eight such strings value merely a dollar, and weigh thirteen pounds

ity. Especially since the beginning of this century there has been a constant flow of silver coin to the colonies. First because the Sumatra tobacco district abolished the Straits dollar, the favorite silver currency for the Chinese coolie, and because of the huge development of many plantations, such as tea and rubber, which necessitated a greater amount of coin for wages.

The gold exchange system, now considered the acme of perfection of the currency systems of the Philippines and the Straits Settlements, was introduced long ago as a natural result of circumstances, and not devised in an academic way. The Dutch Government having introduced the compulsory labor system for the native, his products were consigned to Holland, so that there were no bills of exchange on the market for the Java importer. The rate went up tremendously (reaching 72 against 100) when it was explained to the Govern-



Gold Standard Coins
Contain 6.048 grammes gold



Silver Standard Coins
Contain 9.45 grammes fine silver



Small Coins, Silver



Small Coin, Nickel



Small Coins, Copper
Coins current in the Dutch-Indies



Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

"The Investment Situation"

Write for pamphlet L-I

Knauth·Nachod & Kuhne

Members of New York Stock Exchange,

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NEW YORK CITY.**

ment that it might draw against the future proceeds of the sales of the consigned products. Government drafts were now made available for the merchant. In 1854, when the compulsory system was beginning to be abandoned, the Java Bank could more easily control the foreign exchange regulation because the exports are always larger than the imports. It can therefore guarantee to the Government to transmit funds at par. Provision that balances could be held in foreign countries and the establishment of an agency at Amsterdam were the results. The bank deals in telegraphic transfers, sells demand drafts, is the Government depository, makes advances on securities, stocks of merchandise and acceptances, buys bills of exchange, etc.

It issues notes from one thousand guilders down to five guilders, against which a reserve is obligatory of forty per cent. in coin and bullion, of which



Interior of office showing staff of four different races, Java Bank, Makassar Branch

again one-half must be held in the colonies in legal currency. The panic of 1914 has left no traces. Only temporarily the reserve limit was reduced to twenty per cent.

The latest balance-sheet of the Java Bank shows the following figures:

ASSETS	Fl.
Loans	49,100,000
Discounts	6,600,000
Securities	5,900,000
Surplus fund invested	2,600,000
Foreign bills	37,200,000
Cash	44,000,000
Foreign coin and bullion	52,300,000
Buildings	1,400,000
Pension fund	640,000
Sundries	6,760,000
	<hr/>
	206,500,000
LIABILITIES	
Capital	6,000,000
Surplus	3,200,000
Pension fund	640,000
Notes in circulation	158,000,000
Bills payable	3,100,000
Deposits	32,100,000
Sundries	560,000
Profits	2,900,000
	<hr/>
	206,500,000

This shows a note circulation cov-

ered by nearly sixty per cent. coin and bullion. After a dividend of six per cent. has been set aside for shareholders, the Government shares in the profits.

Notwithstanding this and the fact that the president is appointed by the Governor General under the approval of the crown, the management has always held up the principle of independence and sound financial management.

Eighteen branches all over the islands facilitate the giro system, enabling transfers of money by mere book entries. The staff of such a branch shows four different races: the Chinese is the teller, the native the office boy, the half caste the clerk, while the executives are Dutch. Most of the offices are privately owned and display elaborate architecture combined with the exigencies of a tropical climate.

The Java Bank lends its intermediary for clearings at Batavia, Sourabaya, Samarang and Medan, Sumatra.

With a view to the high price of silver it may be stated that the rijhsdaal-

der, practically the equivalent of the dollar, has a bullion value of \$0.76 against silver at \$1 an ounce. As this

coin circulates for $2\frac{1}{2}$ guilders gold, its buying power at the present abnormal rate of exchange represents \$1.25.



Banca Commerciale Italiana

ANNOUNCEMENT is made of the opening of a New York agency of the Banca Commerciale Italiana, with offices in the City Investing Building, 165 Broadway.

This bank has its head office at Milan, and through its branch in London, its fifty-six branches in Italy, and its affiliated institutions in other countries, has unusual facilities for handling business with Italy, England, France, Switzerland and South America.

It has been appointed agent for the United States of America of the Banque Francaise et Italienne pour l'Amerique du Sud, of Paris, with branches in Brazil and the Argentine, and the Banca

della Svizzera Italiana, of Lugano, Switzerland.

The paid-in capital of the Banca Commerciale Italiana is 156,000,000 lire; surplus and undivided profits, 65,200,000 lire.

Officers of the bank are: Managing directors, Giuseppe Toeplitz, Pietro Fenoglio; general managers, Annibale Ghisalberti, Mino Gianzani, G. Tedeschi; deputy general managers, Luigi Battinelli, Adolfo Comelli, Bruno Dolcetta; agents in New York, L. Toeplitz, G. Pedrazzini, John S. Durland, S. Fusi.

Board of Directors: Chairman, Luigi Canzi, Senator; vice-chairmen, Luigi



Head Office Banca Commerciale Italiana, Milan, Italy



Main Banking Room Banca Commerciale Italiana, 165 Broadway, New York

Marsaglia, Cesare Saldini; Ignazio Florio, Palermo; Giulio Frey, Zurich; Emilio Odier, Geneva; Eugenio Pollone, Turin; Count Carlo Raggio, M. P. Genoa; Piero Restelli, Milan; Count Gerolamo Rossi, Senator, Genoa; Count Enrico San Martino di Valperga Maglione, Senator, Rome; Gerolamo Serina, Milan; Federico Weil, Milan; Federico Zahn-Geigy, Basle; Carlo Esterle, Senator, Milan; Giuseppe Vernansald di Villeneuve, Milan; Lorenzo Allievi, Rome; Cesare Balduino, Genoa; Nicola Balenzano, Senator, Bari; Count Alessandro Besozzi, Milan; Marco Besso, Rome; Ferdinando Bocca (Chairman of the Chamber of Commerce), Turin; Prince Giberto Borromeo, Milan; Maurizio Capuano, Naples; Davids Consiglio, Senator, Naples.

The importance of this recent accession to New York's list of foreign banks may be seen from the accompanying balance-sheet, showing the condition of the Banca Commerciale Italiana on March 31, 1918, conversion being made in U. S. currency at the rate of five lire to the dollar.

ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of the stockholders of the Banca Commerciale Italiana was held at the Milan office on March 28, 1918, Senator Canzi presiding.

In the course of his annual address to the stockholders, the chairman said:

The policy of our institution has been throughout closely connected with the general trend of activities of the country. We have faithfully adhered to what has been our constant practice—that is, the development of our purely mechanical services, coupled with the advancement of our national industries, with special regards to the requirements of the present day and to those of the future, as far as they can be foreseen. For this purpose not only have we opened large credits, but we have also taken a share in important arrangements for the formation of new companies, the increase of capital of such as were already operating and the grouping and amalgamating of individual concerns whose aggregate productive capacity has thereby been greatly enhanced. As an instance deserving particular attention, we may mention an agreement brought about under our auspices in the metallurgical branch, whereby various powerful concerns have been unified in one single

Banca Commerciale Italiana Balance Sheet, March 31, 1918

RESOURCES	
Real estate	\$3,735,661.51
Furniture and fixtures .....	.20
Government securities, railway and other bonds and shares.....	16,809,380.05
Current accounts, secured, unsecured and sundry debtors.....	175,269,062.40
Loans secured by collateral	36,271,904.26
Participations in other banks	2,550,389.93
Syndicates	3,274,028.31
Certificates of indebtedness, Italian Treasury and Bills	
Purchased eligible for discount with Banca d'Italiana.....	\$200,604,448.23
Cash on hand and in banks of issue.....	19,930,069.29
<hr/>	
Customers' liability on account of acceptances.....	220,534,517.52
Customers' liability on account of Guaranties given	10,497,261.86
Securities held as collateral	21,516,976.69
Securities held for customers	21,655,982.20
Securities held for Pension Fund	442,159,498.20
Bills for collection	3,189,700.00
	9,377,513.65
<hr/>	
Total.....	\$966,841,876.74
LIABILITIES	
Capital	\$31,200,000.00
Surplus fund required by law.....	\$6,240,000.00
Additional surplus not required by law.....	6,800,000.00
<hr/>	
Undivided profits	13,040,000.00
Dividends unpaid	954,705.80
Deposit and current accounts	2,573,830.00
Checks in circulation	381,848,666.69
Collection accounts	13,398,317.33
Sundry creditors	12,451,571.99
Acceptances for account of customers	12,225,277.77
Guarantees given for account of customers.....	10,497,261.86
Collateral held against loans	21,516,976.69
Customers' securities	21,655,982.20
Pension fund	442,159,498.20
	3,319,788.22
<hr/>	
Total.....	\$966,841,876.74

important company, whose headquarters are at Brescia.

The expansion of business in all departments, on the lines approved by you on previous occasions, the strength of our organization, the prompt and ready coöperation between our branches and the central management, and the continued confidence and consideration shown to us by our clients, enable us to propose a dividend of 45 lire per share, equal to nine per cent., on the nominal capital, after allocating 3,000,000 lire to the extraordinary reserve fund, which is thereby increased to 31,500,000 lire. As to the surplus of profits, after providing for the statutory appropriations, we propose to set aside 100,000 lire for depreciation, in accordance with the Royal Proclamation of February 7, 1916.

A call has been issued for a special meeting of the shareholders of the Banca Commerciale Italiana to be held July 9, for the purpose of considering an increase in the capital stock of the institution.

What is Russian Currency?

IN the London "Times" of recent date there appeared a report of a case in which a judge had to decide what is meant by "Russian currency" at present. Messrs. Lindsay, Gracie & Co., coal exporters, sued the Russian Bank for Foreign Trade for the amount of a rouble account held by defendants for them, claiming that payments must be made in specie. Evidence showed that the exchange value of imperial rouble notes is now about 255 roubles for £10; the Bolshevik exchange was about 600 roubles for £10, and the Kerensky notes came between; also that legal currency to-day under the Bolsheviks consists of notes issued by the various governments and of coupons of the Liberty Loan. The judge stated that in his view metal

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halévy.

Antwerp Branch: Temporarily in London.

	(\$5 = £1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

DIRECTORS.

E. ROSS DUFFIELD, Esq., *Chairman*
The Hon. HUGO BARING.
WILLIAM T. BRAND, Esq.
JOHN G. GRIFFITHS, Esq., M.V.O.

ROBERT A. THURBURN, Esq., *Managing Director*
KENNETH MATHIESON, Esq.
HERMAN B. SIM, Esq.
DAVID SIMSON, Esq.

LONDON BANKERS.

BANK OF ENGLAND.

LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency . . . 51 Wall Street,

W. R. ROBBINS, AGENT.

coinage was excluded; Imperial rouble notes were currency, and likewise Kerensky notes. Bolshevik notes he ruled out on the ground that the Bolshevik Government had never exercised authority over the whole country, and had never been recognized by England. He decided that defendants must pay in London such a sum of English currency as was represented by the number of roubles held by them, treating both Imperial notes and Kerensky notes at their respective values as Russian currency.



British Italian Corporation

FROM the May issue of Lloyds Bank, "Monthly Financial Report" (London) is obtained the following interesting information respecting the British Italian Corporation:

An agreement was entered into early in 1916 between Lloyds Bank and the London

County and Westminster Bank, representing a British financial group, and the Credito Italiano, as representing an Italian financial group, for the constitution of a British Company with the title of the British Italian Corporation and an authorized capital of £1,000,000, and an Italian Company entitled the Compagnia Italo-Britannica with an authorized capital of 10 million lire. The object of the two companies is the development of economic relations between Great Britain and Italy and the promotion of undertakings in the commercial and industrial field in Italy.

The second report of the British Italian Corporation was issued last month and shows that the net profit for 1917 was £43,071. A dividend of five per cent. has been paid and £5,583 carried forward as compared with £4,221 brought in. The accounts of the Italian Company show a net profit of 147,617 lire for 1917, enabling a dividend of five per cent. to be paid, while a balance of 1,460 lire was carried forward. At the annual meeting of the British Italian Corporation on April 10, Mr. J. W. Beaumont Pease, the chairman of the company, stated that the objects for which the Corporation was brought into being had been kept closely before the board. A limited amount of actual business has been transacted, chiefly in the way of



An Example of Progress—The University of the Philippines, Manila



PHILIPPINE NATIONAL BANK

MANILA, P. I.

New York Agency

Woolworth Building



credits in connection with supplies of commodities from this country to Italy.

The subsidiary company in Italy, the Compagnia Italo-Britannica, have been faced with much the same difficulties as the English company. Nevertheless, they have, in conjunction with the Credito Italiano, taken part in some profitable financial transactions, which have added substantially to the profit earned by the investment of the paid-up capital, and, like the British Italian Corporation, they are in a position to distribute a dividend of five per cent. The English Company's share, in respect of its holding of half of the capital of the Compagnia Italo-Britannica, is included in its profit and loss account for 1917.

Mr. Pease was able to announce a very important extension of the Corporation's influence by reason of the influx of Colonial banks as shareholders, thus carrying out the policy outlined above. He said:

"This guiding idea makes it necessary to complete the net of interests around us by establishing close links all over the British Empire. You will be interested to hear that our body of shareholders has acquired recently very valuable additions. The following banks have joined us and become shareholders: The Standard Bank of South Africa (Limited), the Bank of Australasia, the Bank of British West Africa

(Limited). Besides, we have received and welcomed some applications for shares from manufacturing quarters in this country. With these additions, our issued and paid up capital stands at the present moment at £871,680.



Bank Mergers Questioned

THE Treasury committee appointed to inquire into the British bank amalgamations, which have caused considerable discussion recently, recommends in a report that legislation be enacted providing that the approval of the Government must be obtained for any future mergers of this character.

The committee also recommends that all proposals for interlocking directorates or for agreements altering the status of banks as regards their separate entities shall be submitted for approval by the Government, and that such approval shall be refused unless amalgamation gives certain advantages to the public.

NORWEGIAN AMERICAN SECURITIES CORPORATION

74 Broadway, New York City

Capital - - - \$1,000,000.00

TRYGVE BARTH, President

LEIF H. STROM, Vice-President

GEORGE REITH, Vice-President

B. KROEPELIEN, Secretary and Treasurer

LE ROY JONES, Assistant Secretary

DIRECTORS

T. BARTH, President

T. LANGLAND THOMPSON, Attorney

W. K. TRIMANN, Shipowner

H. KROEPELIEN, Treasurer

WILHELM ALME, Managing Director
Bergen Agent A/S

TH. JULLUM, General Agent Norwegian
Marine Insurance Companies

P. HARSEM, Merchant

L. H. STROM, Vice-President New York
Oversea Company

GUNNAR HARTMANN, President Hart
Trading Company

GEORGE REITH, Vice-President

C. STEENDAL, President Jefferson Insur-
ance Company

WM. SCHENETROM, President Electric
Welding Company of America

KARL KROGSTAD, President S. O.
Stray & Company

The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

The committee says that while at present there is nothing resembling a money trust, it is not impossible that circumstances might produce something approaching it at a comparatively early date. Possible dangers from further amalgamation are regarded as material enough to outweigh considerations against Governmental interference.



New Branches of the National Bank of South Africa, Ltd.

ADVICE has been received by R. E. Saunders, Esq., agent of the National Bank of South Africa, Ltd., in New York, that this institution has acquired possession of the African Lakes Corporation, Ltd., which was established in 1878, and that branches of the National Bank of South Africa, Ltd., are now open in Blantyre and Zomba, Nyasaland and at Chinde, an impor-

tant port in East Africa, and at Fort Jameson, Northern Rhodesia.



London Bank of Australia

THE ordinary general meeting of shareholders of the London Bank of Australia was held May 15 at Winchester House, London, Mr. George Slade, the chairman, presiding. In his address the chairman said:

In this the twenty-fifth year since the bank had its troubled time it is pleasing to be able to put before you such a satisfactory balance-sheet as is now in your hands. It is only by the exercise of care, forethought and exertion on the part of our Australian general manager and staff, and local directors, and of our London manager and staff, through this long period of years—many of them as trying as the last four, though in a different way—that the bank has attained its present position. Much, too, is due to my predecessors in the chair and their colleagues, and no one knows bet-

American Capital in Canada

The penetration of American capital into the Dominion of Canada has been most marked of recent years, and it is estimated that U. S. investments in Canada now approximate \$1,272,000,000.

Canada's potentialities chiefly lie in her rich undeveloped natural resources—forests, mines, fisheries, water powers. As nearest neighbor and following intimate relationships during the great war, the United States seems destined to play an important part in the further progress of the Dominion after the war.

Copy of Booklet "Canada—Its Potentialities" sent on request

Union Bank of Canada

Head Office, Winnipeg

New York Agency
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents
F. T. Short }

ter than I how to appreciate the services rendered by your present directors.

During the last quarter of a century the bank has cleared off the heavy millstone of £5,161,928 fixed deposits, instalments being paid several years before due date; a reserve fund of £385,000 has been built up after making due provision for all contingencies, and I think we may reasonably consider that we have reached the basis of payment of steady dividends.

The balance-sheet shows an expansion in assets and liabilities of £733,175 11s. 2d. in the year, which are very satisfactory figures for an undertaking of this size. Coin at £1,841,232 3s. 1d. and money at short call at £415,000 show increases of £345,770 10s. 1d. and £250,000 respectively, and investments and bills receivable show a decrease of £133,278, which necessarily follows upon the increase of £250,000 money at short call in London; bills discounted and advances have increased £210,719 13s. 1d. Turning to the other side of the account, you will note that deposits and current accounts are £621,287 15s. 2d. and bills payable £78,274 16s. 1d. higher, figures which must be regarded as highly satisfactory.

Gross profits this year were £11,500 higher than last year, but salaries and expenses have increased by £6,300, largely due to subsidies to clerks at the Front and to salaries of lady clerks taken to fill their

places, who continue to give satisfaction. Against this taxes are less by £8,700, owing to allowance in respect of colonial tax. The net increase is, consequently, £14,000; £3,000 is granted to officers' provident and guarantee fund, an increase of £1,000 this year, which your directors hope you will agree is well bestowed. The same dividends as last year are proposed, £30,000 is carried to reserve, and the carry-forward at £24,526 1s. 1d. is increased by £3,845 9s. 5d. We hope next year will enable the bank to show as good a return. The bank's business is well maintained, and our resources will enable us to make good use of opportunities as they arise.

The chairman concluded by moving: "That the report now presented, with the statement of accounts, be adopted; further, that a dividend at the rate of seven per cent. per annum be paid on the preference shares of the bank for the half-year ended December 31, 1917, and that a dividend at the rate of seven per cent. per annum be declared on the ordinary shares of the bank for the same period, both dividends, less income-tax, to be payable on and after Friday, May 17, 1918."

Mr. E. V. Reid seconded the resolution, which was carried unanimously.

The retiring directors (Mr. Gordon H. Campbell and Mr. J. G. O'Neill) were unan-

The Bank of the Philippine Islands

(ESTABLISHED 1851)



MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.

(\$0.50 = 1 peso)

Authorized Capital	. . . . .	(pesos) 10,000,000.00
Capital fully paid-up	. . . . .	4,500,000.00
Reserve Funds	. . . . .	1,775,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

imously reelected, and Messrs. Price, Waterhouse and Co. were reappointed auditors.

A hearty vote of thanks was accorded to the directors and to the staff in London, also to the local directors and staff in Australia for their valuable services.



American Foreign Banking Corporation Increases Capital

THE capital of the American Foreign Banking Corporation has been increased from \$3,200,000 to \$3,500,000, the surplus likewise being increased from \$1,152,000 to \$1,260,000.

With the election to the directorate of Harry T. Ramsdell, president of the Manufacturers' and Traders' National Bank of Buffalo, and George H. Prince, chairman of the Merchants' National Bank of St. Paul, the board has been increased to twenty-three members, including fifteen bank presidents, six vice-presidents and two chairmen of boards of directors, who represent eighteen dif-

ferent banks in as many important cities of the United States and Canada.

The recent purchase of the two branches of the Commercial National Bank of Washington, D. C., at Panama and Cristobal added the Commercial Bank to the American Foreign Corporation's stockholders. The number of bank stockholders now stands at thirty-six in thirty-five cities of this country and Canada. Total capital and surplus of these thirty-six stockholder banks is \$159,943,000, and combined deposits of the same institutions aggregate \$1,603,960,000. No one bank has a controlling interest in the new company.

The American Foreign Banking Corporation specializes in financing exports and imports, and was recently organized under the amendment to the Federal Reserve Act authorizing national banks to own stock in a bank engaging in foreign and international banking. Loans and discounts as on May 31 last were \$7,391,731, and credits granted on acceptances \$4,053,343.

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of merchandise through the use of dollar acceptances

Capital and Surplus \$2,250,000

BRANCHES

Market & Fulton

81-83 Fulton St.
New York

Eighth Street

Broadway & 8th St.
New York

Aetna

92 West Broadway
New York

Flatbush

839 Flatbush Ave.
Brooklyn

New Utrecht

New Utrecht Ave. & 54th St.
Brooklyn

Long Island City

Bridge Plaza
Long Island City

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

New Bank in Philippines

PLANS are being made for the establishment in the southern Philippines of a private bank to be capitalized at \$1,500,000 in order to render effective help to the sugar planters of that region. Part of the capital is to be secured through the sale of one of the two large sugar centrals owned and managed by Don Esteban de la Rama at Iloilo to a new corporation being formed by American and Filipino capitalists. The primary object of the bank will be to afford necessary working capital to the small sugar growers of the south.



A New Banking Arrangement

COMMENTING on some banking arrangements recently consummated, "The Statist" (London) says:

With the object of assisting and devel-

oping trade between this country and South America, more especially with Brazil and the River Plate, the London, Provincial and Western Bank and the British Bank of South America have entered into a close working arrangement whereby the two banks will act as each other's agents. The British Bank of South America has branches in Argentina at Buenos Aires and Rosario, in Uruguay at Montevideo, and in Brazil at Bahia, Rio de Janeiro, and Sao Paulo, besides correspondents at the principal centres in South America.

The conclusion of a reciprocal working arrangement with the Irving National Bank of New York is also announced this week by the London, Provincial and South Western Bank, with a view to providing exceptional facilities for business here and in the United States. Under this arrangement the London institution will act as the principal correspondent and representative of the Irving National Bank on this side, while the latter will reciprocally represent the London Bank in the States. The organization, it is understood, will include the creation by the English Bank of an American department, and vice versa. A similar arrangement with the Banca Italiana di Sconto was entered into by the London, Provincial and South Western last year, and it is stated the present development arises

THE BANK OF CHOSEN

Incorporated by Special Charter of Imperial Japanese Government

Subscribed Capital, Yen 20,000,000

Paid-Up Capital, Yen 20,000,000

Head Office, Seoul, Korea

Principal Branches:

KOREA: Chemulpo, Pyongyang, Wonsan, Fusan

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe

CHINA: Shanghai, Tsingtau

Affiliated Bank:

VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: London City and Midland Bank, Ltd.

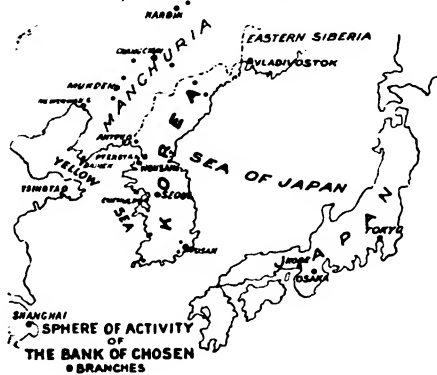
Principal American Correspondents:

Guaranty Trust Company of New York
Equitable Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo-Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco, Seattle and Vancouver

H. YASUDA, New York Representative, 120 Broadway



from the experience thus gained and the results achieved. The London, Provincial and South Western Bank possesses over 560 branches, and has a paid-up capital of £2,125,000, with reserves of £3,000,000 and deposits exceeding £75,000,000. The Irving National Bank, established in 1851, has a capital of £900,000, a surplus of £1,025,000, and deposits of £22,652,000.



Hongkong and Shanghai Bank- ing Corporation

AT the ordinary general meeting of shareholders of this bank, held at the City Hall, Hongkong, the directors submitted the subjoined report of the result of operations for the year ending December 31, 1917:

The net profits for that period, including \$3,166,578.85 balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and contingencies, amount to \$9,820,180.33.

The directors recommended the transfer of \$1,000,000 from the profit and loss account to credit of the silver reserve fund, which fund will then stand at \$19,500,000.

They also recommended writing off bank premises account the sum of \$1,000,000.

After making these transfers, deducting the interim dividend of £2 3s. per share, paid on August 13th last, viz., £258,000 @ 2 s. 6¼d. = \$2,046,942.15, and remuneration to directors, there remained for appropriation \$5,743,238.18, out of which the directors recommended the payment of a final dividend of two pounds and three shillings sterling per share, viz., £258,000, and a bonus of one pound sterling per share, viz., £120,000, amounting in all to £378,000; which, at 3s. the rate of the day, will absorb \$2,520,000.

The balance, \$3,223,238.18, to be carried to new profit and loss account.

As shown by the balance-sheet of December 31, 1917, the capital of the

Service for Banks

Oriental Exchange

We grant facilities whereby banks may draw their own drafts direct on China, Japan and other oriental countries.

Investments

We offer, with our recommendation, government, municipal, railroad and public utility securities which we have investigated, suitable to the various requirements of financial institutions, investors and trustees.

Information

Our statistical department is prepared to answer specific inquiries in regard to securities of American and foreign corporations.

Correspondence Invited

Redmond & Co.

33 Pine Street

New York

Members of New York Stock Exchange

Hongkong and Shanghai Banking Corporation was \$15,000,000; sterling reserve fund, \$15,000,000; silver reserve fund, \$18,500,000; current accounts, \$223,166,607; fixed deposits, \$90,860,975; total assets, \$418,940,414.



Far Eastern Bank Organizing

AN important step in the development of American foreign trade, this time in the Far East, is announced by the Guaranty Trust Company of New York in a statement that arrangements have been made to establish an American bank in China.

A corporation, to be known as the Asia Banking Corporation, has been formed under the laws of New York State, with a capital of \$2,000,000 and a surplus of \$500,000, all of which has been subscribed. Among the stockholders in the new company are the Guaranty Trust Company of New York, the

Mercantile Bank of the Americas, the Anglo-London and Paris National Bank of San Francisco, the First National Bank of Portland, Oregon, and the National Bank of Commerce of Seattle, Washington. A few other banks interested in foreign trade may be shortly added to this preliminary list.

The company proposes to engage in international and foreign banking in China, in the dependencies and insular possessions of the United States, and, ultimately, in Siberia. Its principal business will be carried on in the Far East. The head office will be in New York. An agency will most probably be established in San Francisco, and a central branch in Shanghai, where it is proposed to locate the general manager of the Far Eastern business. Present plans contemplate the future establishment of other branches in Hankow, Peking, Tientsin, Harbin and Vladivostok. As soon as the Russian situation clears, the new bank will be ready to establish itself in Russia and Siberia or

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized . . . \$7,500,000
Paid-up 3,250,000
Reserve Fund 3,000,000

BANKERS: Bank of England; London Joint-Stock Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

to affiliate itself with old or new Russian banks.

Heretofore English and Continental banks principally have financed transactions between this country and the Far East. Those responsible for the organization of the new company declare that the increase in trade between this country and the Far East makes greater banking facilities necessary and justifies the establishment of American banks and investment companies for this purpose.

The Capital Issues Committee of the War Finance Corporation has approved the issue of the capital stock of the Asia Banking Corporation, the position being taken that the investment or capital in this enterprise does not mean a diversion of capital for new purposes, since a large amount of the business proposed to be transacted is now being conducted by American banks with their own reserves through their correspond-

ent banks. There will be no public offerings of the stock.

It is felt by those interested in this new venture that it will indirectly render great service to this country in furthering American propaganda work in the Orient through establishing closer trade relations and a better understanding.



Royal Bank of Australia

AT the meeting of shareholders of the Royal Bank of Australia, in Melbourne, April 30, the directors presented the following report for the half-year ending March 28:

The profits, after providing for a bonus to the staff,
amount to£25,255 13 2
which it is proposed to deal
with as follows, viz:
To pay a dividend at the
rate of 8 per cent per
annum 12,000 0 0
transfer to the reserve fund 10,000 0 0
and to add to the amount
carried forward from
last balance 3,255 13 2
£25,255 13 2
The balance carried forward
from last half-year..... £8,461 18 6
with the above addition.... 3,255 13 2
will amount to£11,717 11 8
from which it is proposed to
transfer to the reserve
fund a further sum of.... 10,000 0 0
leaving a balance to be car-
ried forward of..... £1,717 11 8
The reserve fund will then amount to
£300,000.

NOYES & COMPANY

Established 1879

Foreign Bills

Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

Banque Populaire Suisse

ESTABLISHED 1869

22 BRANCHES

Paid-up Capital and Reserves, Francs 88,000,000



Head Office : BERNE

**HEAD OFFICE :
BERNE, SWITZERLAND**

Branches :

Basle, Delémont, Dietikon, Fribourg, Geneva, Lausanne, Montreux, Montier, Porrentruy, Saignelégier, St. Gall, St.-Imier, Thalwil, Tramelan, Uster, Wetzikon, Winterthur, Zurich, etc.

Deposit and Current Accounts Opened

**Letters of Credit and Travellers' Checks
Issued and Paid**

Bills Negotiated and Collected

**Special Care Given to Documentary
Collections**

Documentary and Cash Credits Opened

TELEGRAPHIC AND LETTER TRANSFERS MADE

FOREIGN EXCHANGE BOUGHT AND SOLD

Correspondence Solicited

Interest on Deposits Cut in England

DISCOUNT houses in London have agreed to reduce deposit rates to three per cent., but to give a quarter of one per cent. more for bankers' deposits. All the banks are now practically aligned regarding deposit rates so as not to compete with war bonds. The higher rate is still being paid on foreign balances.

The lower rates for time deposits have caused an increased demand for Treasury bills. The War Loan has reacted somewhat since the reinvestment rush slackened, but the markets generally are firm and confident.



An Australian Bank Merger

NEWs comes from Australia to the effect that the Colonial Bank of Australasia has merged with the National Bank of Australia. Both institu-

tions have offices in London and Melbourne.

These institutions both are leaders among Australian financial concerns. The National Bank of Australia has just celebrated the sixtieth anniversary of its registration. In its last semi-annual report it carried £12,015,553 Government deposits and £7,086,621 public deposits. Its gross profit for the half

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches: STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 57 other
Places in Sweden

Capital Paid Up Kr. 30,000,000
Surplus Kr. 15,200,000
Resources About Kr. 305,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

year ended March 31, 1918, was £207,118, as compared with £207,160 during the half year ended September 30, 1917, and with £197,746 for the half year ended March 31, 1917. Expenses, £122,124, were £547 less than for the previous half year, but £2,417 greater than those for the corresponding period of 1917. Net profits for the six months ended March 31, 1918, were £84,994, as compared with £84,489 and £78,039 for the two preceding half years.

The Colonial Bank filed its fiftieth report as of March 31. Its paid-up capital amounts to £439,280; its reserve fund £300,000, and profit and loss credit £25,837, making a total of £765,116. It carried as of March 31 Government deposits of £65,209 and other deposits of £4,112,669.

Both institutions pay seven per cent. of their preference and also on their ordinary shares.

New Branch of the Mercantile Bank of the Americas

THE American Mercantile Bank of Colombia, which is affiliated with the Mercantile Bank of the Americas of New York, has just opened two new branches in Colombia, one at Barranquilla and the other at Cartagena.



Prosperity of Banks in Hawaii

FOUR banks in Honolulu representative of the varied nationalities of the citizens show a gain of \$1,087,466.48 in deposits in 1917. The same banks also show an increase of \$1,077,565.72, in assets and resources. These figures are deduced from the annual statements published by the Bank of

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY. K. M. VAN ZANDT, Jr., H. C. HEAD, FCO. COUDURIER,
President Vice-President and Manager Cashier Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

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Hawaii, Ltd., Bishop & Co., bankers, Yokohama Specie Bank, Ltd., and the Chinese-American Bank, Ltd., and give some idea of the soundness of the banking conditions in the islands and the prosperity of the citizens of Honolulu, as well.

The Bank of Hawaii gained in deposits \$202,805.29, and in resources \$101,246.16. Bishop & Co., bankers,

increased their assets \$279,811.89, and their deposits \$338,279.96. The Yokohama Specie Bank gained in deposits \$255,484.80, and in their resources, \$355,269.54; and the Chinese-American Bank increased its assets \$341,237.53, and its deposits \$290,896.43.

Reports of the institutions below show the following changes in 1917 compared with the preceding year:

	1917	1916	Increase
Bank of Hawaii, Ltd.—			
Assets	\$11,971,625.05	\$11,670,378.89	\$101,246.16
Deposits	10,218,542.25	10,015,736.96	202,805.29
Bishop & Co.—			
Assets	12,282,428.73	12,002,616.84	279,811.89
Deposits	11,052,565.75	10,714,285.79	338,279.96
Army National Bank—			
Assets	734,817.27	.....	.....
Deposits	634,342.01	.....	.....
Yokohama Specie Bank—			
Assets	2,078,698.35	1,723,428.81	355,269.54
Deposits	1,572,878.96	1,317,394.16	255,484.80
Chinese-American Bank—			
Assets	685,726.04	344,488.51	341,237.53
Deposits	523,884.92	232,988.49	290,296.43
Bishop Trust Co., Ltd.—			
Assets	852,490.82	461,788.16	390,702.66
Deposits	559,447.05	192,009.58	367,437.47

Help on the Income Tax

WITH the close of June the bankers of the country are feeling great satisfaction at the ease with which the income tax settlements have been made. Looking back upon the perplexing problems which under the law confront bankers and their clients it is of interest to review the service patriotically rendered in connection with the free distribution of the income tax law rulings and blanks. The Government recognized the service rendered by banks, trust companies and bankers so fully that Commissioner Roper gave the press a letter in which he thanked such insti-

tutions for their coöperation. One of the conspicuous instances of such service is the Tax Department of the National City Company of New York, particularly with reference to Federal taxation.

The variations of business requirements under the war tax laws were almost limitless. To meet this situation, the National City Company organized a Tax Department in charge of a man who is a lawyer and a student of Governmental methods and individual and corporate needs: who began with the beginning of the Income Tax in the service of the Government and remained

in that service until, with the consent of the Tax Department of the Government, he was drafted for the collateral and dual character of serving both the Government and private interests. This department of the National City Company, however, is wholly its own and has no connection with the Government.

Every bank and every banker knows of the problems which vex. More and more, it is the privilege and duty of banks and bankers to place at the disposal of customers, sound judgment, correct advice and a helping hand. Not all banks can afford the expense; not all banks have the opportunity to assemble adequate machinery for such a service in its highest possibilities. And that is not necessary, if a central and capable department can be availed of and upon which all may draw.

This is just what the National City Company has provided. A source of expert interpretation and information. A busy place, which is not much concerned with what *ought to be*, but an attentive and sympathetic place which has a "middlin' tight grip, sir," on *what is*.

It became apparent at an early stage in the process of enacting the present Federal Tax statutes, that a campaign of education would be necessary to acquaint the tax paying public with the new situation, what it involved, and *their* duties, rights and liabilities in the premises. The National City Company placed itself whole-heartedly at the service of the Government and the public for this purpose. It was then it caused a Tax Department to be organized as a permanent part of its service and charged this department with the duty of beginning the work of education of the public in tax matters.

On the day following the passage of

the Act of October 3, 1917, that statute, annotated and indexed, had been printed and was being distributed by the company. This was almost immediately followed by a digest of Income Tax and Excess Profits Tax Laws, analyzing the statutes and giving examples and illustrations of their application. Over and over, this process was repeated, in amplification and extension of the service undertaken by the company.

Within six months from the passage of the Act of October 3, 1917, The National City Company had printed and distributed more than 250,000 pamphlets on tax matters. These were used by Government officials and by the public.

In aid of the Government in making distribution of returns at a time when the Government presses were too crowded to give quick service, The National City Company printed and distributed more than 100,000 copies of return forms.

Some 20,000 individual cases were handled. Over 30,000 letters of request for information and literature were given the attention required. Some 15,000 letters were written giving instructions, advice and direction in tax matters, and preparing and sending out solutions of tax problems.

Many banks throughout the country are availing themselves of this service, which is rendered without charge. New and perplexing problems are being met and much still remains to be done in connection with the revision of schedules and the reporting of surplus. We understand this department is not a temporary one and that tax problems may be submitted to it at any time.



Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	. . .	President
DANIEL G. REID	. . .	Vice President
CHAS. W. RIECKS	. . .	Vice President
ERNEST STAUFFEN, Jr.	. . .	Vice President
JOSEPH A. BOWER	. . .	Vice President
FREDERICK W. WALZ	. . .	Cashier
FREDERICK P. McGLYNN	. . .	Assistant Cashier
THEODORE C. HOVEY	. . .	Assistant Cashier
LOUIS W. KNOWLES	. . .	Assistant Cashier
SIDNEY W. NOYES	. . .	Assistant Cashier
JOHN P. MAGUIRE	. . .	Assistant Cashier

Should a Bank Build Now?

By W. W. CLINTON

WHETHER a bank should build in these days has been one of the many new problems rising to vex the banker in the last year. In many cases the question has practically solved itself. A bank's business has grown until the space and facilities necessary for the work have made imperative a new building, or at least an enlargement of old quarters. Other banks are doing business in crowded, cramped quarters, under conditions far from sanitary, convenient or efficient, because they have felt that the present is an inopportune time to build.

The argument that it is unwise to build now has its basis on the grounds:

(1) That it is against the wishes of the Government for any private building to be done during the war.

(2) That labor and materials are scarce.

(3) That costs are too high.

Proposition No. 3 may be quickly dismissed. The cost of building has not increased any more in proportion than other commodities. As to No. 2, it may be said that labor is scarce in some communities, but not in others. Again, certain building materials, notably steel, are not easily obtainable; but the builder, like everyone else, has been able to exercise his ingenuity sufficiently to overcome, in a great measure, these apparent drawbacks.

ATTITUDE OF THE GOVERNMENT TOWARD NEW CONSTRUCTION

It is proposition No. 1 that is of the greatest importance. The belief that the Government desired to discourage all private building enterprises has prevented a vast number of bankers from proceeding with necessary construction work.

This idea has persisted for more than a year. It is now shown that only a misinterpretation or misconception of the Government's policy could have caused this impression to become taken for fact.

The Government has just made clear that it does not desire and has never desired to put a stop to necessary building construction. The individual or corporation confronted with a building problem need only answer one question: Is the building essential?

Secretary McAdoo has stated in unequivocal terms in a letter to Senator Calder of New York, which forms part of the Senate records, that "there has never been any suggestion that buildings actually needed for the health and protection of the civil population, or for the conduct of essential business of the country, should not be constructed during the period of the war."

Mr. McAdoo's statement was in answer to Senator Calder, who had asserted that building operations would not exceed \$300,000,000 for 1918, as compared with \$1,500,000,000 for 1916, a below normal year, and that one of the principal causes for this great decrease was due to the supposed attitude of the Government in placing a ban on building construction. Not only were private owners holding up work but, according to Senator Calder, banks and mortgage companies were not lending money on building operations, and very little on real estate mortgages.

There has been every reason for the average person to believe that the attitude of the Government was against building now. Misguided "economy-at-all-costs" advocates have spread the "no building" idea to the point where to

build during the war would appear as an act of disloyalty.

A committee of the Indiana Limestone Quarrymen's Association recently waited on Mr. McAdoo and made clear to him that his stand on the building proposition had been misunderstood. It was suggested that a new, clean-cut statement from him to the effect that the Government meant to pursue a constructive policy would serve to dispel the fog of misapprehension. The Secretary replied to the suggestion that in view of previous statements to the public on the subject, and the apparent misunderstanding which has arisen therefrom, further utterance would only serve to thicken the fog.

Since Mr. McAdoo's letter to Senator Calder, it is clear that the Government does not regard building as non-essential. So at last we are down to a common-sense basis. If a new bank building is "actually needed for the conduct of essential business of the country," (to quote Secretary McAdoo) it may be built now as well as at any other time.

Viewed from the standpoint of economics, building operations do not interfere with governmental needs, or with the war programme. It was submitted to Mr. McAdoo by the Indiana Limestone Quarrymen's Association that the building industry involves an annual wealth-producing turnover of \$2,000,000,000, employing directly an average of 1,500,000 men, earning probably \$6,000,000 daily, and that no nation can weather successfully the sudden, almost total extinction of such a vital and supremely important factor of its industrial establishment.

The point was forcefully presented that priority is the proper policy as already applied almost everywhere, except to the construction of buildings, and that to single out one of the most important commercial arteries as a non-essential, is inconsistent, if not ruinous.

It was pointed out that the war cannot be successfully financed out of the wealth created in the past, but that continued production must furnish constantly increasing wealth, lest our tre-

mendous expenditures outrun the available supply of old capital.

It was further shown in regard to the labor situation that in the city of Chicago over 50,000 men are said to be idle in the building crafts; that the president of the National Carpenters' Union had only a few days before reported tens of thousands of his men out of work and reference was had further to fifty or more telegrams from all sections of the United States, indicating a surplus of labor in numerous widely scattered communities. It appearing that only in isolated districts where war contracts are placed in liberal volume does there exist an actual shortage of labor and an air of prosperity.

REMODELLING PRESENT STRUCTURES

Granted, then, that the Government does not oppose necessary construction work, the banker confronted with a building problem might well consider the alternatives of a new building or the remodelling of his present structure.

The modernizing of old buildings and the rearrangement of banking quarters has come to be quite popular. N. F. Hoggson, president of Hoggson Brothers, the New York builders, whose organization specializes largely in bank planning, has called the reclaiming of old buildings one of the greatest conservation movements in the history of the country.

Today, instead of ruthlessly tearing down honestly built, substantial structures, we are looking them over with an eye to adapting them, by skilful alteration, to serve present needs.

A great number of business buildings throughout the country are being modernized and made into up-to-date structures through the art of remodelling. This is particularly true in regard to bank buildings. Banks have enjoyed an unprecedented volume of business, and have not only expanded their own departments, but they have added Liberty Loan departments to aid the Government. The increased business has caused them to become cramped for room. Additional space, better facili-

ties, enlarged accommodations, are imperative.

One solution of the building problem then lies in remodelling, in re-arranging banking quarters and gaining the required additional space needed by expert planning.

The two principal reasons for remodelling are the utilitarian and the aesthetic; the need of more space or more convenience and comfort, and the natural desire to make a building more pleasing to the eye. Both requirements ordinarily can be met by proper remodelling. This is true not only in regard to banking quarters, but applies equally to the efficient arrangement of space in big business organizations.

An unprepossessing exterior often may be altered into a dignified and imposing facade, while scientific rearrangement of space in a banking room will many times solve the problem of overcrowding.

Remodelling work, and the scientific planning and layout of space for busi-

ness purposes, are arts separate and distinct from original designing and construction. For the concern which is confronted with a problem of enlarging its quarters through alteration, and rearranging its space on a scientific basis, the caution may be advanced to look for the specialist in work of this kind. To-day some of the big building organizations are giving considerable attention to this comparatively new phase of the building art.

Now, let's get back to our original proposition: Should a bank build now? All arguments considered, the affirmative seems to have it. The Government says you may build if the building is essential. By building you will help to keep the wheels of industry going, you will give employment to a great number of men who need work, you will be performing a civic duty for your community, you will be strengthening the position of your bank, and you will be well fixed to meet the period of readjustment after the war.

A Century of Banking in Providence

PROBABLY no other institution in Providence reflects so perfectly the substantial development of that old city as does the Merchants National Bank. Its history is the business history of Providence. It began business as the Merchants Bank on May 20, 1818, when the country was recovering from its second war with England, and when the city's population was not more than enough to make a good-sized village of to-day.

Its founders were representative business men of the time, and were evidently possessed of the same indomitable spirit that characterized the Rhode Island legislators in 1776, when they passed an act "constituting Rhode

Island the first free and independent Republic in America," and asserting her absolute independence of England, two months before the Declaration of Independence in Philadelphia.

The founders of the Merchants Bank were succeeded by men closely identified with the business development of the city, and they in turn were followed by men of the same commercial and industrial standing, so that the bank throughout its entire career of 100 years has been owned and governed by men of the highest calibre in the business affairs of the city.

From the beginning of its career the bank has owned and occupied its own buildings, it being at present in its third



Building of the Merchants National Bank, Providence, R. I., which celebrates its centenary this year

home. It has kept pace with the up-building of the city in its erection and equipment of quarters suitable for carrying on its constantly growing business.

Upon the organization of the bank in 1818 its capital was \$300,000, divided into shares of \$50 each and payable in specie. The capital stock was increased in 1850 to \$1,000,000, at which sum it has since remained. The following figures show the substantial progress of

the bank from the date of its organization:

	DEPOSITS
May 20, 1818.....	\$2,935.69
October 26, 1821.....	79,117.11
April 24, 1865.....	423,087.23
April 18, 1866.....	506,847.10
April 24, 1885.....	1,854,305.23
April 24, 1905.....	3,975,701.41
February 18, 1918.....	8,916,915.00
Total resources February 18, 1918	12,669,554.46

During its century of existence the

Merchants National Bank has never passed a dividend and has never paid less than six per cent. to its stockholders in any year. Its statement under date of February 18, 1918, the one hundredth anniversary of the granting of its charter, showed that it had a surplus of \$750,000 and undivided profits of \$138,137.10, making a total of net earnings over and above its dividend requirements of \$1,188,137.10, all of which has been earned, not paid in by stockholders or increased by consolidation with any other institution.

The bank has had only five presidents in one hundred years of its existence. Of these executives the longest in office was Royal C. Taft, who occupied the position for forty years. His administration began in 1868, and closed in 1908, and he witnessed and aided the growth of the bank throughout the

principal part of its development. He died in 1912, in his ninetieth year. The other presidents were William Richmond, 2nd, who served from 1818 to 1850; Josiah Chapin, 1850 to 1868; Edward D. Pearce, 1908 to 1909, and the present head of the bank, Robert W. Taft.

The Merchants Bank was reorganized as the Merchants National Bank April 24, 1865, and its corporate existence was extended for twenty years, April 24, 1885, and again April 24, 1905.

The present officers of the Merchants National Bank are as follows: Robert W. Taft, president; Charles H. Newell, vice-president; Moses J. Barber, vice-president; Frank A. Greene, cashier; Willard I. Angell, assistant cashier; Harry S. Hathaway, assistant cashier.



Central Union Trust Company of New York

DATING from June 18 the Central Trust Company of New York, established in 1875, and the Union Trust Company of New York, established in 1864, will be known as the Central Union Trust Company of New York.

This represents a carrying into effect of the merger of the two companies, agreed on at a meeting of the trustees of both institutions in March last, the action receiving the ratification of the stockholders in the following month.

Both companies were well established, and their merger was an event of real importance on account of the size and character of the institutions concerned and the very high reputation they had so long borne.

As a result of this merger the Central Union Trust Company now reports

capital, surplus and profits \$29,000,000, and deposits \$230,000,000.

Pending alterations now being made at 80 Broadway, the Central Trust Co. offices will be retained for transacting the business heretofore carried on by that company, while the Union Trust Co. will continue its former business at 80 Broadway. But after June 18, the date on which the merger became effective, the business at both offices will be transacted by the Central Union Trust Company.

As an evidence that the business will be conducted in accordance with the same sound principles that have heretofore distinguished both institutions, it may be stated that their entire personnel has been retained. James N. Wallace is chairman of the board, and Edwin G. Merrill, vice-president and vice-chairman of the board of trustees.

Check Collection System

UNDER date of June 1, Benj. Strong, Governor of the Federal Reserve Bank of New York, sent out the following circular letter: To the Cashier.

Sir:

SUSPENSION OF SERVICE CHARGES

Under the plan of operation of the check collection system originally outlined in our circular No. 43, dated June 6, 1916, a service charge of one cent per item, applying on all out of town checks, has been made.

At a recent meeting of the representatives of the Federal Reserve Banks it was recommended that the service charges be suspended, which recommendation was approved by the Federal Reserve Board.

You are, therefore, advised that *on and after June 15, 1918*, and until further notice, the Federal Reserve Bank of New York will receive from member banks for collection, without any charge whatsoever, all checks drawn on banking institutions in the United States which can be handled at par. (See Par List.)

DIRECT ROUTING

The requirement that the Federal Reserve Banks should collect checks, etc., was incorporated in the Act not only to provide an economical and direct method of collecting checks but for the more important purpose of reducing the "float" caused by indirect routing of checks as well as the so-called "reserves" created thereby.

We anticipate that the suspension of service charges as planned will remove one of the principal causes of the indirect routing of out-of-town checks. We beg to express the hope that the member banks will cooperate with us in the effort to bring about direct routing. Balances built up in one Federal Reserve district can be made immediately available, through the Federal Reserve Bank, without cost, in any other such district and all checks should be routed direct to the Federal Reserve Bank of the district in which the first indorsing bank is situated, thus materially reducing the float and the attendant cost and labor of the several banks which handle the checks.

REVISED TIME SCHEDULE

Through the eleven branches of Federal Reserve Banks which are now in operation, it has become possible to reduce the time of collecting checks drawn on these branches and on banks situated in their district. A

revised time schedule is enclosed herewith, additional copies of which will be provided on application.

REVISED PAR LIST

A par list showing the banking institutions checks upon which can be collected by the Federal Reserve Banks at par is published and distributed by the Federal Reserve Board from time to time. A corrected par list will be issued as of June 1, 1918. In September, 1916, there were 14,656 banks on the par list; on April 15, 1918, there were 17,584, and the number is steadily increasing. It is believed that the banks on the par list will include over 95 per cent. of the volume of checks in circulation and a still larger percentage of the volume of checks which member banks in this district are called upon to collect.

FREE TELEGRAPHIC TRANSFERS

Recognizing the value to member banks of having their funds on deposit with us immediately available in any other Federal reserve district, we have arranged to make telegraphic transfers of funds to banks in other districts absolutely at par, no charge even being made for the cost of the telegram. In order that there may be no delay in making these telegraphic transfers and in transacting other business between Federal Reserve Banks, private telegraph lines between all the reserve banks and their branches as well as with the Federal Reserve Board in Washington will soon be in operation.

RULES AND REGULATIONS

The rules and regulations contained in circular No. 43 which will remain in force after June 15, 1918, are reprinted as follows:

USE OF THE CHECK COLLECTION SYSTEM IS VOLUNTARY

No member bank is required to use the check collection system, nor are any formalities or resolutions required before it may be used. A member bank may send checks for collection through the Federal Reserve Bank regularly, occasionally or not at all; or may collect them through present correspondents or in any other manner considered advantageous.

ITEMS WHICH WILL BE RECEIVED

We will receive from member banks checks and drafts drawn on banks as per par list published by Federal Reserve Board.

WHEN PROCEEDS OF ITEMS WILL BE AVAILABLE

All checks drawn on banks situated in New York City (Borough of Manhattan) received by 9 A. M. will be immediately credited at par and will thereupon become available as reserve or to pay checks drawn. Checks drawn on members of the New York Clearing House Association, however, will not be received from members of the New York Clearing House Association.

For all other checks immediate credit entry at par will be made, but such credit will not be available as reserve or to pay checks drawn, until the appropriate period indicated on the time schedule has elapsed. These periods are based on the mail time required for items to reach the paying bank plus the mail time required for the paying bank to remit to the Federal Reserve Bank of its district. By averaging the mail time it has been possible to include all points in the country in four divisions, namely, 1, 2, 4 and 8 days. The schedule is subject to change, and for convenience it has been arranged by States rather than by Federal Reserve Districts.

HOW ITEMS WILL BE HANDLED

Checks drawn on member banks in this Federal Reserve District will be forwarded directly to such banks and charged to their accounts after sufficient time has elapsed for us to have received advice of payment. The form for such advice will be attached to our letter and must be signed and returned to us on the day of receipt.

Checks drawn on non-member banks in this district will be sent to member banks wherever satisfactory arrangements are made, or may, in our discretion, be sent direct for remittance.

Checks drawn on member or non-member banks in any other district will be sent to the Federal Reserve Bank of such district for collection and settlement.

Unpaid checks not subject to protest must be returned on the day of receipt. Protested checks must be returned not later than the day after receipt. Unpaid checks must not be held for any purpose whatsoever except for immediate protest.

SPECIAL ROUTING ARRANGEMENTS

If a member bank has a sufficient volume of checks on certain points or districts to warrant more direct routing, special arrangements can be made to send such checks direct to other Federal Reserve Banks.

HOW MEMBER BANKS MAY MAINTAIN BALANCES

Member banks may maintain their balances with us (a) by shipping to us at our expense properly sorted lawful money or Federal reserve notes, (b) by depositing New York exchange, or (c) by the proceeds, when available, of out-of-town items depos-

ited for collection. Non-member banks may make remittances in the manner described in (a) and (b) in settlement of items sent direct.

This arrangement has been made in order to comply with the mandatory terms of the Federal Reserve Act to the effect that all settlements of items, whether by charge against the member bank's account or by remittance of currency or exchange, must be made at full face value without deduction, without, however, conflicting with the assumption that items are payable only at the counter of the bank on which they are drawn.

RESTRICTIONS AS TO INDORSEMENTS

To insure direct routing this bank will not accept checks drawn on a bank located outside this district, when such item bears the indorsement of a bank located outside of this district. The other Federal Reserve Banks will adopt similar rules.

SORTING ITEMS

In order to expedite the forwarding of items, member banks are requested to sort their items into the following classes and list each class on a separate sheet:

- (a) Items drawn on members of the New York Clearing House,
- (b) Items drawn on other banks in Borough of Manhattan,
- (c) Items drawn on one day points,
- (d) Items drawn on two day points,
- (e) Items drawn on four day points,
- (f) Items drawn on eight day points.

They are also requested to print on their own checks and the checks used by their depositors the figure "2" (signifying Federal Reserve District No. 2), preferably in a large skeleton figure in the center of the check.

"COLLECTABLE AT PAR THROUGH THE FEDERAL RESERVE BANK OF NEW YORK"

Member banks are entitled to place the words, "Collectable at par through the Federal Reserve Bank of New York," on their own checks and the checks used by their depositors. Your attention is called to the desirability of availing of this privilege.

PENALTY FOR IMPAIRMENT OF RESERVES

The penalty for impairment of reserve provided by the Federal Reserve Act has been imposed since July 15, 1916. Member banks are requested to report monthly the average reserve required to be kept with the Federal Reserve Bank. The impairment of their reserve, if any, is ascertained by comparing this figure with the average actual reserve shown by our books. Should a deficiency appear, a memorandum showing the daily balance according to our books is forwarded to the member bank for verification. Penalties are only imposed after

proper reconciliation of the two accounts and after determination that the deficiency has not been caused by matters beyond the control of the member bank.

This penalty has been fixed by the Federal Reserve Board, for the present, at a rate of interest on the average impairment equal to two per cent. above the discount rate for ninety-day paper.

CONDITIONS UPON WHICH MEMBER BANKS MAY USE SYSTEM

Every member bank sending items to us after the inauguration of this system will be

understood to have agreed, to the terms and conditions set forth in this circular and to have thereby specifically agreed that in receiving such items the Federal Reserve Bank of New York will act only as the collection agent of the sending bank, will assume no responsibility other than due diligence and care in forwarding such items promptly, and will be authorized to send such items for payment direct to the bank on which they are drawn or to another agent for collection, at its discretion.

Respectfully,

BENJ. STRONG, *Governor.*



Temporary Retirement of Silver Certificates

THE following letter has been sent out by Governor Benjamin Strong of the Federal Reserve Bank of New York:

For the purpose of conserving the Nation's gold supply, permitting the settlement in silver, where practicable, of adverse-trade balances, providing silver for subsidiary coinage and commercial use, and assisting Allied Governments in the war against Germany, Congress has recently authorized \$350,000,000 of the silver dollars held in the United States Treasury to be broken up and sold as bullion. As most of the silver thus held is represented by silver certificates in circulation, it can only be obtained by the return of silver certificates to the Treasury for cancellation.

The withdrawal of silver certificates from circulation is not intended to be permanent, as the Act provides that the Director of the Mint, as soon as practicable after a sale of silver bullion has been made, shall purchase a like quantity of silver to take the place of the bullion sold. To provide temporarily the necessary circulating medium during the interim between the withdrawal of the silver certificates and their subsequent reissue when the silver supply has been replenished by purchases of silver, Federal Reserve banks will issue Federal Reserve Bank notes in denominations of \$1, \$2, \$5

and upward. These notes will be obligations of the Federal Reserve Banks secured by United States certificates of indebtedness or bonds and similar otherwise to national bank notes.

We ask the banks of this district to co-operate with the Government by furnishing us with their present supply of \$5 silver certificates, which can be replaced in circulation at once by Federal Reserve notes, Federal Reserve Bank notes, or United States notes. In a few weeks, when Federal Reserve Bank notes of the \$1 and \$2 denominations are ready, a request will also be made that silver certificates in these denominations be sent in.

Will you not, therefore, please sort out of your cash and forward to us, at our expense, all silver certificates of \$5 and upward which you may have on hand or receive from time to time, in return for which we will either,

- (a) Furnish you, free of expense, other currency of the same or larger denominations, as you may prefer, or,
- (b) Place the amount to your credit in this bank or in any designated bank in this city.

We feel confident that you will be willing to co-operate with the Government in furnishing it the silver it needs for its own requirements and those of its Allies.

Book Reviews

ANNUITIES AND AMORTIZATION TABLES.

By Pierre Zaldari. Bankers Encyclopedia Co., N. Y. Price \$10.00

The recent development of foreign financing and the position America has assumed as a factor in international banking resulted in the preparation of this work.

It contains all the tables needed in connection with sinking funds, loans, mortgages, whether in a bank, trust company or bond house.

The work may be divided into two parts: 1. The solution of the four fundamental problems of the calculation of compound interest. 2. Annuities, amortization and long-term loans.



LAW OF BILLS, NOTES AND CHECKS. By

James L. Whitley. National Banking-Law Book Co., Rochester, N. Y. Price, \$4.00.

Contains the full text of the Negotiable Instruments Law as adopted by forty-five states. This branch of the law, with the exception of contracts, most frequently requires the attention of the general practitioner. Four thousand of the most important decisions of all the states to August, 1917, are cited under the respective section to which they relate.



OFFICE ORGANIZATION AND MANAGEMENT. By C. C. Parsons. La Salle Extension University, Chicago, Ill.

Written by an expert in office management; a man of wide experience and of unusual qualifications for the task.

Organization, employees' training, efficiency, vacations, encouragement of thrift, record keeping, advertising, sales department, credits and collections, shipping, mailing, etc., are the problems presented. Used in Business Administration course at the "La Salle Extension University."

PUGSLEY'S MULTIPLICATION TABLE FOR

THE STUDENT. By R. M. Pugsley. R. M. Pugsley, N. Y. Price, \$1.00.

To those who frequently perform the irksome and tedious process of multiplication, this table conveniently arranged for practical use, giving products to 14,400 is a time and labor saving instrument intended to meet a long existing want.



A BUSINESS MAN'S GUIDE AND A BOOK-KEEPER'S FRIEND. By E. S. Wheat. Dillon, Mont. Price, \$1.00.

The book has two purposes: to serve as a ready reference for information that is required in the everyday walks of life, and as a help to the business man and his employee.

Contains many helpful suggestions and methods that the author acquired in actual experience, the adoption of which were found to be very beneficial. Not an encyclopedia nor an almanac, but a brief handbook of information for the business man.



ANALYZING CHARACTER. By Katherine M. H. Blackford and Arthur Newcomb. Alden, N. Y. C. Price, \$3.00.

A treatise on the art of analyzing character. Using the inductive method, by means of incidents, biographies, and photographs of well known men, the authors show how to judge characteristics, and to apply such analysis for practical purposes.



CO-OPERATIVE CREDIT FOR THE UNITED STATES. By H. W. Wolfe. Sturgis & Walton, N. Y. Price, \$1.50.

Co-operative credit has become an object of attention to the American public.

Of its great value as a productive

force and a creator of widely diffused wealth there no longer can be any question.

This presentation of the subject, coming from one who has been a close student and careful observer of the entire movement, should prove of exceptional value.



CONTROLLING PROFITS. By Eugene Herz. Laird & Lee, Chicago. Price, \$1.00.

The experienced bookkeeper and the student will find this to be a valuable reference book, written primarily for bookkeepers in small commercial establishments.

The greatest care has been taken to clearly illustrate the principles involved and to demonstrate how their proper

application will always give the desired result, at the same time allowing sufficient flexibility in the method of their application.



WAR FINANCE. By J. Shield Nicholson. King & Son, London. Price, \$2.60.

The book is divided into two parts. In Part I are discussed some of the most difficult questions regarding inflation.

Part II is made up of a series of papers extending over the first three years of the war on the financial policy of extravagant payments made by the State for all services required for the war, whether of capital or labor—always excepting the labor of the actual fighting.



Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.

Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
 Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.
 Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
 Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
 Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
 Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
 Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
 Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
 Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
 Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
 Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., First National Bank, Lakeland, Fla.
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
 McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.

Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

Banking and Financial Notes

DIVIDEND INCREASE BY BANK OF CUBA

The Bank of Cuba in New York has increased its semi-annual dividend rate from five to six per cent., thereby placing its stock on a twelve per cent. basis. This action is made possible by the increase in volume of the business between this country and Cuba, and the fact that the increase is considered substantial by the business interests. In addition to the July dividend of six per cent. the bank has paid twenty per cent. in dividends since it was organized two years ago to succeed the agency of the National Bank of Cuba. An amount equal to twenty per cent. has been set aside from earnings to the undivided profit account.

MR. NEVIUS RETIRES

The retirement of David Nevius as vice-president, director and cashier of the Union Exchange National Bank of New York, is announced. He has been ill for several months.

ELECTS WILLIAM BIANCHI A DIRECTOR

The New Netherland Bank has elected William Bianchi, of William Bianchi & Co., a director. He is president of the National Woolens and Trimmings Association and vice-president of the New York Credit Men's Association.

LUCIUS WILMERDING A TRUSTEE

The Franklin Trust Company of New York has elected Lucius Wilmerding a trustee to fill the vacancy created by the death of the late R. Bayard Cutting.

NEW YORK TRUST COMPANY ELECTS A NEW TRUSTEE

The New York Trust Company has elected Arthur J. Cumnock a trustee to fill a vacancy.

BONUS FOR BANKERS TRUST COMPANY EMPLOYEES

The directors of the Bankers Trust Company, New York, voted recently to make a substantial cash payment to employees to assist in meeting increased living costs. This is the fourth semi-annual adjustment to be made for this special purpose by the Bankers Trust Company. The payment is based upon a study of living conditions made by a committee of the senior clerks, and ranges from five per cent. to forty per cent. of annual salaries. All employees share in the distribution.



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

JAMES G. BLAINE, JR., NEW VICE-PRESIDENT OF LIBERTY NATIONAL BANK

James G. Blaine, Jr., grandson of the famous statesman, was elected vice-president of the Liberty National Bank, June 10. Mr. Blaine, who graduated from Harvard with the class of 1911, is probably the youngest vice-president of a bank in Wall Street. Upon his graduation from college he



JAMES G. BLAINE, JR.
Vice-President Liberty National Bank, New York

went to Providence, where he was connected with the agency of the New York Life Insurance Company. He later became connected with the investment banking-house of Bodell & Company. When the first American Red Cross campaign was held to raise funds for the war he did splendid work and attracted the attention of Eliot Wadsworth. Mr. Wadsworth got him to Washington, where Mr. Blaine was made assistant director of the bureau of production. Later he became direc-

tor of the bureau of development, the division of the American Red Cross which has charge of the building up of chapters. His work was so unusual there that he attracted the attention of Harvey Gibson, president of the Liberty National Bank, who looked upon Mr. Blaine as a splendid man for banking. The result was that Mr. Blaine was elected vice-president of the Liberty National and will assume his new duties in three months. Meantime he will continue his work with the Red Cross in Washington.

THE HANOVER NATIONAL BANK

The statement of the Hanover National Bank, under date of May 10, 1918, makes a splendid showing. It shows deposits of \$189,990,858.28; undivided profits, \$2,713,349, and total resources of \$206,852,568.63. An interesting item in its resources is the one called "Customers' Liability Account of Acceptances, \$233,333.34," and there is in the liabilities a "war reserve of \$200,000.00."

MR. TROWBRIDGE IN NEW POSITION

James R. Trowbridge, assistant secretary of the Bankers Trust Company, has been elected comptroller of the Franklin Savings Bank, in place of H. W. Nordell, resigned. Mr. Trowbridge entered upon his new duties June 1.

THE ENFRANCHISEMENT OF WOMEN

For the information of its large number of women depositors, the United States Mortgage and Trust Company has issued a booklet of considerable value, entitled "Facts and Information Relative to the Enfranchisement of Women." The booklet presents in compact form many of the chief points of interest in this connection, showing the right of women to vote, state of action, what the measure means, manner of registering, the casting of the ballot, when and how to vote, the result thus far, and the future.



The Chemical National Bank of New York

(Established 1824)

Capital, Surplus and Undivided Profits \$12,000,000

Fewer Failures in England

Statistics show that there have been fewer bankruptcies in England during 1917 than in any year for ten years.

It will pay corporation heads, jobbers and retailers to take stock of their business requirements and seek advice that will enable them to conduct their business successfully after the war.

The facilities of this institution are offered to responsible business men for consultation and advice. Our experience covers nearly a century.

INVITING A. A. C. OF W. TO NEW YORK

G. B. Sharpe, president of the Advertising Club of New York, has sent a letter to the press announcing that the club would invite the Associated Advertising Clubs of the World to hold the 1919 convention in New York.

BANK AND TRUST COMPANY TO MERGE

It is announced that the Manufacturers Trust Company of Brooklyn and the West Side Bank will merge, the combined institutions to be known as the Manufacturers' Trust Company of Brooklyn. The Manufacturers' Trust Company was organized in 1905, and is in a prosperous condition. It has three offices in Brooklyn. The West Side Bank will be operated as a branch at 481 Eighth avenue, Manhattan.

The combined institutions will have a capital of \$1,000,000 and a surplus of about \$800,000. The united deposits of the two institutions are now in excess of \$22,000,000. All of the present offi-

cers and employees of the two institutions will be continued in various capacities. The president of the Manufacturers' Trust Company is Nathan S. Jonas and the president of the West Side Bank is Major W. I. Lincoln Adams. Mr. Jonas will be president of the merged institution and Major Adams a vice-president.

FEDERAL RESERVE BANK REPORT

Pierre Jay, chairman of the Board of the Federal Reserve Bank of New York, is optimistic in regard to business. He points out that the adaptation of factories of various kinds to Government work is the most notable feature of the industrial situation. He cites, by way of illustration, the case of a phonograph company where fifty per cent. of its capacity is now being devoted to war work. Another concern which before the war made automobile parts, motor truck frames, and sporting rifles and pistols is now making machine guns and light ordnance. This concern now

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

OFFICERS

JULIAN P. FAIRCHILD,
WILLIAM HARKNESS,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

Vice-Presidents

THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

has 5,000 employees, as compared with 1,500 in 1915, and its business is eight times the volume of 1915.

MAY FAILURES LOW

The failures for May in the United States number only 880 and involve \$13,134,672 in liabilities, according to R. G. Dun & Co.'s report. This report maintains the highly favorable features which have characterized the insolvency record for a long period and demonstrates that the economic readjustments arising from war conditions and necessitating many changes in trade and industry are being accomplished with a minimum of disturbance. Not only is the number of May defaults the smallest for the month in fully a decade and the indebtedness less than in any May back to 1910, aside from that of last year, but numerical improvement appears in comparison with all months since September, 1911, and the amount is the lightest of the present year, excepting the \$12,829,182 of last February. Contrasted with the 1,296 reverses of May, 1917, the decrease in number is 32 per cent., although the liabilities, owing to the increased total of large failures, is 11.6 per cent. above the \$11,771,891 of a year ago.

HARVEY H. ROBERTSON ASSISTANT CASHIER
CHATHAM AND PHENIX NATIONAL

The board of directors of the Chatham and Phenix National Bank of New York have appointed Harvey H. Robertson assistant cashier. Mr. Robertson's appointment is in recognition

of his services for several years as loan clerk. He is popular among the young men of the banking field, and his promotion is most cordially welcomed.

NEW HOME FOR FEDERAL RESERVE BANK

The Federal Reserve Bank of New York has purchased the property on the east side of Nassau street, from Liberty street to Maiden Lane, for the purpose of erecting a building that will meet the requirements of a permanent home for the institution. The building will not be erected until after the war. James F. Curtis, general counsel and secretary of the bank, gave out the following statement:

The directors plan to build a new structure which will provide a suitable permanent home for the bank. It is estimated that a very material saving in the cost of operation will be made by eliminating the large rentals now paid by the bank and substituting therefor merely the cost of operating its own premises, plus the interest on the original cost of purchase and construction.

Acquisition of this property has been rendered necessary by the extraordinarily rapid enlargement in the business and functions of the bank. The rapidity of this increased activity has forced the bank to operate its various bureaus and divisions in many places considerably separated from the central office. The staff of the bank is now over 1,200 as compared with 175 a year ago.

NATIONAL DEBT AFTER THE WAR

The National City Bank of New York, in its June bulletin, discusses the conscription of wealth, the imposition of a capital tax after the war for reducing national debts, and the best

"The Bank That Service Built"
THE
SEABOARD NATIONAL BANK
OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,598,000
Deposits	60,453,000

S. G. BAYNE, President C. C. THOMPSON, Vice-President B. L. GILL, Vice-President W. K. CLEVERLEY, Vice-President L. N. DeVAUSNEY, Vice-President H. W. DONOVAN, Cashier	O. M. JEFFERDS, Asst. Cashier C. C. FISHER, Asst. Cashier J. D. SMITH, Asst. Cashier B. I. DADSON, Asst. Cashier J. E. ORR, Asst. Cashier
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DIRECTORS		
SAMUEL G. BAYNE WILLIAM K. CLEVERLEY EDWARD J. CORNISH MICHAEL J. DEGNON	HENRY C. FOLGER BENNETT L. GILL EDW. H. R. GREEN PETER McDONNELL	JOSEPH SEEP CHARLES C. THOMPSON WILLIAM H. WOODIN DAVID H. E. JONES

**The success of this bank is founded upon a policy of painstaking,
efficient and courteous service to all**

ACCOUNTS INVITED

means of dealing with the problem of debts in a way which would cause the least disturbance to the community. From the outset it is pointed out that the much-talked-of "conscription of wealth" is not comparable to the conscription of man power required for military purposes.

"Where the Government wants a man for the army there is plainly nothing to do but take him," declares the bank. "There is no possible substitute, unless it may be another man, and that kind of substitution, which was allowed during the Civil War, is no longer permitted. But when the Government wants farm products, as it does on a great scale for its armies, the case is not settled by affirming its right to conscript farms or seize crops, for while this might be done, common sense teaches that it would not be the best way to accomplish the desired end. The Government doesn't want farms, and could not handle them advantageously if it took them; it wants the produce of farms, and the most effective way to

get that produce in ample supply is to leave the farms in the hands of their present owners, and offer the incentives to individual effort which are necessary to obtain increased production."

STATE'S REVENUES INCREASE

The cash of the State of New York has been increased so far this year by approximately \$25,378,000 more than during any preceding year, according to State Comptroller Travis. The largest amount of increase, the Comptroller shows, comes from the new three per cent. corporation income tax, which, with other corporation taxes, has returned more than \$19,328,000. In addition, substantial increases aggregating \$1,636,307 have been collected from other sources, totaling nearly \$54,000,000.

CHANGES IN THE GUARANTY TRUST COMPANY

The executive committee of the Guaranty Trust Company of New York,



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY
Vice-President

WILLIAM H. STRAWN
Vice-President

NORBORNE P. GATLING
Vice-President

H. A. CLINKUNBROOMER
Vice-President

ROLFE E. BOLLING
Vice-President

WALLACE T. PERKINS
Vice-President

WALTER B. BOICE
Asst. Cashier

VINTON M. NORRIS
Asst. Cashier

RICHARD H. HIGGINS
Vice-President

BERT L. HASKINS
Vice-Pres. and Cashier

C. STANLEY MITCHELL
Vice-President

MAX MARKELL
Vice-President

GEORGE R. BAKER
Vice-President

HENRY L. CADMUS
Asst. Cashier

HENRY C. HOOLEY
Asst. Cashier

JOSEPH BROWN
Asst. Cashier

GEORGE M. HARD
Chairman

ACCOUNTS INVITED

Total Resources over \$90,000,000

at a meeting held May 23, appointed William George Avery assistant treasurer of the company, elevating him from the position of assistant manager of the foreign department. Mr. Avery was born in England and was educated in English schools. His connection with the Guaranty Trust Company began in 1916. Previous to that time his business experience included ten years with the Capital and Counties Bank, Ltd., of London, and ten years with Canadian banks.

The following were appointed assistant managers of the bond department: Harold F. Greene, Harold D. Bentley, Alden S. Blodget, Charles F. Batchelder, George L. Burr and Gilbert E. Jones. Mr. Greene was born in Machias, Me., January 25, 1881. He was graduated from Amherst College in 1903 and began his banking career with Moore, Baker & Co., of Boston, with whom he remained until October, 1905, when he came to New York to go with Isidore Newman & Son. In November, 1909, he went with E. H. Rollins & Sons of Albany, N. Y., and in 1915 became sales manager of their New York office. He came to the Guaranty Trust Company as general sales manager in November, 1917.

Mr. Bentley was born in Rochester, N. Y., May 20, 1885, and was educated

in the public schools there. In 1901 he entered the employ of the Merchants Bank of Rochester and remained there until October, 1906, when he became Rochester correspondent of a New York bond house. In 1909 he became manager of the bond department of Erickson Perkins & Co., of Rochester, Buffalo and Toronto. Four years later he became the Guaranty Trust Company's representative in the western part of New York State with headquarters at Rochester, where he established the present office of the company. Mr. Bentley came to New York in January, 1917, as head of the correspondence division of the bond department.

Mr. Blodget was born in New York City in April, 1884, and received his early education in private and public schools. He entered Stevens Institute of Technology with the class of 1908, but left college to enter the employ of Kissel, Kinnicutt & Co. in May, 1907. A year later he came to the Guaranty Trust Company.

Mr. Batchelder was born in Washington, D. C., in October, 1891, and was educated in Portland, Oregon. He was for eight years with E. H. Rollins & Sons of New York, making a specialty of securities based upon public credits. Since coming to the Guaranty Trust Company in December, 1917, Mr.



WE HAVE been serving certain banks outside of New York City continuously for nearly half a century.

These connections have endured because ATLANTIC service is personal, painstaking and complete.

ATLANTIC NATIONAL BANK

ESTABLISHED 1829

NEW YORK

NATIONALIZED 1865

Batchelder has devoted particular attention to municipal bonds and other public credit securities in the United States and Canada.

Mr. Burr was born on August 29, 1889, in Phoenixville, Pa. He was graduated from Harvard College in 1910 and from the Civil Engineering School of Columbia University in 1912. He then entered the employ of the Interborough Rapid Transit Company as a draftsman, which position he held until going to Keokuk, Iowa, with the Stone, Webster Engineering Corporation.

In May, 1913, he was appointed manager's clerk of the Houston Electric Company and Galveston-Houston Electric Railway Company in Houston, Texas.

In January, 1914, he was appointed Secretary to the Texas assistant district manager of the Stone Webster Management Association with offices in Dallas, Texas, which position he occupied until July of that year, when he was com-

pelled to give up active work on account of ill health.

In October, 1916, he came with the bond department of the Guaranty Trust Company and has since been engaged in work in connection with the purchase of securities.

Mr. Jones was born in New York city April 25, 1888, and received his early education at private schools here and at St. Mark's School, Southboro, Mass., from where he was graduated in 1907. Four years later he received his degree at Harvard University. He began his banking experience with Strong, Sturgis & Co. in 1911, and two years later went to the newly-established New York office of Hambleton & Co., of Baltimore. In July, 1916, this firm was divided and Mr. Jones went with Tilney, Ladd & Co., where he remained until October, 1917, when he came to the Guaranty Trust Company as head of the trading division of the bond department.

Appointments were also announced of

Deposits—September 20, 1916	\$7,484,024.47
Deposits—March 14, 1918	17,059,219.44

(This is not result of consolidation)

Citizens Commercial Trust Company

BUFFALO, N. Y.

Capital and Surplus - \$2,500,000.00

MEMBER FEDERAL RESERVE SYSTEM

R. E. Whittlesey as chief statistician of the bond department, and of Hamilton Candee as New York city sales manager of the bond department. Mr. Whittlesey was born in Creston, Iowa, in 1883. He was graduated from Yale in 1906, and in March, 1907, began his statistical work with the Investors' Agency, Inc., of which he became manager. In March, 1913, he went to Hallgarten & Company of New York as manager of their statistical department. In November, 1914, Mr. Whittlesey came to the Guaranty Trust Company to take charge of the statistical department, which has expanded its activities greatly under his direction.

Mr. Candee was born in Brooklyn in October, 1885, and was educated in the public schools. In 1902 he entered the employ of John H. Davis & Co. and two years later went to the Lawyers' Title Insurance Company as a mortgage salesman. In 1906 he became bond salesman for Rhoades & Co., having New York State, outside of New York city, as his territory. Two years later he went to Kissel, Kinnicutt & Co., as bond salesman in this same territory. In 1913 he came to the New York city office of the company, remaining until December, 1917, when he came to the Guaranty Trust Company. Mr. Candee was the first president of the Bond Club of New York.

BUSINESS IN NEW YORK

The business condition in New York was reflected in the first clearing-house statement after the close of the Liberty

Loan campaign. Loans showed an increase of \$97,749,000; the aggregate reserve an increase of \$46,618,000, and the surplus reserve an expansion of \$65,608,000, raising this item to \$102,807,730, the largest total since January 26.

POSTAL SAVINGS IN NEW YORK

In the face of the fact that large amounts of savings had been withdrawn to purchase Liberty Bonds and war savings stamps, Postmaster Patten of the New York postoffice reports that there are about 150,000 depositors in the postal savings banks of Manhattan and the Bronx, with total deposits of \$31,841,232. This indicates a gain over the previous month of \$172,153.

ANOTHER BANK CHANGES ITS NAME

The Germania Savings Bank of Brooklyn has changed its corporate name to the Fulton Savings Bank of Kings County. The bank was established in 1867, and has a surplus of more than \$1,250,000 and deposits in excess of \$13,000,000.

DINNER TO BANKERS

On the 1st of May a dinner was given by C. A. Austin, president of the Mercantile Trust and Deposit Company, in honor of Albert Wiggin, chairman of the board of directors of the Chase National Bank, and Seward Prosser, president of the Bankers Trust Company. The event occurred at the Union League Club. Mr. Wiggin and

Mr. Prosser were among the founders of the Mercantile Trust and Deposit Company, which was one year old May 1. Twenty-five officers and directors of the institution were at the dinner.

SALE OF W. S. STAMPS PROGRESSES

The following statement on war savings stamps sales was issued by State Director Allen on the 11th of May:

"Agencies established 35,263 as of May 11. War-savings societies established up to date 4,891. Number of pages advertising previously received 123, and half pages 44. Number of pieces of literature and supplies from the distributing station shipped to date 25,501,215.

"Number of members registered to date in the Government War-Savings Limit Investment Society 892. War Savings and Thrift Stamps sold May 10 in Greater New York amounted to \$145,725.88 and the average daily sales for 158 days since December 3 in Greater New York amounted to \$78,629, making total net sales of Thrift Stamps to date in Greater New York \$12,695,099.16."

HUGE RESOURCES OF NEW YORK BANKS

The total resources of the fifty-one national banks of New York city, according to a compilation of the New York clearing-house, made from statements to the Comptroller of the Currency under date of March 4, 1918, amounted to \$3,792,543,200.

DEATH OF ROBERT A. PARKER

Robert A. Parker, vice-president and chairman of the Irving Trust Company, and former president of the Market and Fulton National Bank, died at his home in New York May 6, after a brief illness. Mr. Parker was sixty-one years of age, and was born in London, England. He went to Canada at the age of seventeen, and a few years later came to New York and became connected with the credit department of the Allan Steamship Company. Later he went to

Resources

\$17,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

Send for our booklet

**"The Transfer of Reserves
To Federal Reserve Banks"**

THE Philadelphia National Bank

(ORGANIZED 1863)

the firm of Meyer Brothers, wholesale druggists, St. Louis, and later was credit manager for Swift & Co., Chicago, coming to New York as the representative of the firm and as Eastern manager. It was while with Swift & Co. that Mr. Parker became associated with Mr. Stillman, who took him into the National City Bank and the Second National, of which Mr. Stillman was president. Mr. Parker was vice-president of the Market and Fulton National Bank for ten years, when he was elected president, after Alexander Gilbert, the former president, became chairman of the board. Quite recently the Market and Fulton National Bank was merged with the Irving Trust Company and Mr. Parker became vice-president.

W. C. COX RECEIVES COMMISSION

W. C. Cox, vice-president of the Guaranty Trust Company of New York, has been commissioned a captain in the Sanitary Corps of the National Army, and will have charge of the funds at the

Medical Supply Depot in New York. Mr. Cox was one of the organizers and the first secretary of the Standard Trust Company, which was merged with the Guaranty in 1912, when he was elected a vice-president. Mr. Cox is the fourth vice-president of the Guaranty Trust Company to enter Government service since war was declared.

ECONOMIC CLUB MEETING

The Economic Club held its forty-fourth annual meeting and dinner on the evening of May 13 at the Hotel Astor. Frank A. Vanderlip presided. Henry Morgenthau was elected president, and George W. Wickersham and William Church Osborn were chosen vice-presidents. George R. Lunn, former Socialist mayor of Schenectady, denounced a German peace and said that a German peace with the United States would be like the German peace with Russia, which meant the Germans got a piece of Russia. Other speakers were Will Irwin, Lieutenant-Colonel Frank S.



EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION
NATIONAL
BANK**



PHILADELPHIA

Resources over
\$16,000,000

Evans, D.S.O., of the Royal Artillery; Mr. Wickersham and John Spargo.

BIG RESOURCES OF TRUST COMPANIES

The thirty-two trust companies in the City of New York made reports to the State Superintendent of Banks on March 14 showing their aggregate resources to be \$2,704,464,400. On the same date the resources of the forty-five state banks under the superintendent's supervision totaled \$652,537,800.

CITY BANK DEPOSITS CENTRALIZED

City Chamberlain Johnson has effected a change in the banking policy of the City of New York, whereby most of the city's funds will be concentrated in ten or twelve banks and trust companies, including the Chase National, First National, National City, Liberty National, Merchants National, Chatham and Phenix National, Guaranty Trust Company, Bankers Trust Company, Central Trust Company and Equitable

Trust Company. Heretofore the city's funds have been scattered over the five boroughs, and no attempt has been made to concentrate them.

JAPAN CANCELS BONDS

The New York agency of the Yokohama Specie Bank, Ltd., has been notified by the London office that sterling bonds amounting to \$678,500 of the first series and \$624,300 of the second series have been purchased on account of the Imperial Japanese Government for cancelation, and that the said bonds have now been canceled.

DROPS GERMAN NAME

The German Exchange Bank of New York has had its name changed to the Commercial Exchange Bank.

SAVINGS BANK MEN OF NEW YORK MEET

The Savings Bank Association of the State of New York met in New York

City on the 16th of May. Nearly all the 141 savings institutions in the state were represented.

Henry A. Schenck, president of the Bowery Savings Bank, and president of the Association, presided. Among the guests were John Harsen Rhoades, first president of the association; George I. Skinner, State Superintendent of Banks; Laurence McGuire, president Real Estate Board; William A. Nash, chairman of the board of the Corn Exchange Bank; Samuel W. Fairchild, and Marcus M. Marks.

The principal speaker was the Hon. Myron T. Herrick, who said that in his opinion the privately owned savings banks of the United States, with the increasing competition from the Government in the shape of postal savings banks, farm loan banks, and war demands, must reach out for deposits and direct attention to the local service they can render.

GUARANTY TRUST WINS ENGLISH SUIT

The Guaranty Trust Company of New York has secured a judgment in its favor in the case of Hannay vs. Guaranty Trust Company, the verdict being favorable on every point to the defending banking company.

The case arose out of the Knight-Yancy cotton frauds, disclosed in 1910, as a result of which losses of over a million sterling were stated to have been sustained by cotton firms in Liverpool, in Havre and in Bremen.

The Court of Appeal, composed of Justices Pickford, Warrington and Scrutton, delivered considered judgments in the test action brought by the Guaranty Trust Company, of New York, against A. Hannay & Co., upon the plaintiffs' appeal from the judgment of Justice Bailhache in the Commercial Court in favor of the defendants.

CITIZENS COMMERCIAL TRUST COMPANY OF BUFFALO

The board of directors of the Citizens Commercial Trust Company of Buffalo have elected Gordon B. Cleversley

ley assistant secretary of the institution and Anthony J. Kuhn auditor.

Mr. Cleversley was for many years associated with the Marine National Bank, up to June, 1917, at which time he joined the Citizens Commercial Trust



GORDON B. CLEVERSELEY
Assistant Secretary Citizens Commercial Trust
Company, Buffalo, N. Y.

Company, taking the position of chief clerk. He has just closed the year as president of the Buffalo Chapter of the American Institute of Banking.

Mr. Kuhn was with the Third National Bank until the time of its merger into the M. & T., when he joined the Citizens Commercial Trust Company.

Both are young men and deserve to be congratulated on the splendid progress made.

PHILADELPHIA NATIONAL BANK TO DOUBLE ITS CAPITAL

The Philadelphia National Bank has arranged to increase its capital from



UNION COMMERCE

National Bank

OF CLEVELAND

Capital \$4,000,000

Surplus 2,000,000

*"Expeditious Service now—
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, . . . President
GEORGE S. RUSSELL, . . . Vice-President
WILLIAM E. WARD, . . . Vice-President
ELMER E. CRESWELL, . . . Vice-President
WILLIAM C. CAINE, . . . Vice-President

WALTER C. SAUNDERS, . . . Cashier
HARRY E. HILLS, . . . Asst. Cashier
CARL R. LEE, . . . Asst. Cashier
FRANK A. WHITE, . . . Asst. Cashier
FRED. W. COOK, . . . Asst. Cashier

\$1,500,000 to \$3,000,000. A special meeting of the shareholders has been called for July 12 to confirm the arrangement. President Rue says the rapid increase in the bank's business makes the increase in capital most desirable in order that the institution may continue to serve its clients acceptably and extend adequate facilities to the business community.

NEW OFFICERS IN FOURTH STREET NATIONAL, PHILADELPHIA

The directors of the Fourth Street National Bank of Philadelphia have elected W. R. Humphreys, formerly assistant cashier, vice-president, and they have appointed A. MacNichol as cashier.

L. A. LEWIS APPOINTED CASHIER

L. A. Lewis, of Williamsport, Pa., has been appointed cashier of the Broad Street Bank of Philadelphia, to succeed Erwin G. Stein, who has resigned. Mr.

Stein has accepted the position of secretary and treasurer of the Roxborough Trust Company.

BUSINESS CONTINUES GOOD

The circular letter of the First National Bank of Philadelphia, issued as the "Business and Financial Outlook," says trade activity in Philadelphia is unabated, and as proof of the assertion, says that Philadelphia is as busy as an important center of government work could naturally be. By establishing here the headquarters of the Emergency Fleet Corporation, fresh impetus has been given to the movement to rush all forms of government work. The dye-stuff industry has as much business as it can take care of. The textile companies are rushed with work and the demands from all sources appear to be increasing. The dry goods houses have had excellent business and most of the wholesale establishments report a satisfactory volume of orders. There has been further improvement in transpor-

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

		H. MARTIN BROWN, President	
JOSHUA M. ADDEMAN	Vice-President	HENRY B. CONGDON	Secretary
JAMES M. SCOTT	Vice-President	J. CUNLIFFE BULLOCK	Trust Officer
FRANK C. NICHOLS	Vice-President	ELMER F. SEABURY	Assistant Treasurer
SAMUEL M. NICHOLSON	Vice-President	HARRY C. OWEN	Assistant Secretary
WARD E. SMITH	Treasurer	HENRY C. JACKSON	Assistant Secretary

tation facilities, but the situation is not normal yet.

PHILADELPHIA TRUST COMPANIES

Recent compilations of reports of trust and savings fund companies of Philadelphia show that a new record for these institutions has been reached. The totals as of April 15 stood at \$811,684,053 against \$789,222,313 in December last. Between these periods deposits increased \$28,621,303, reaching \$557,093,320. The last high point was in March, 1917, when the aggregate was \$564,539,989.

PHILADELPHIA CHAPTER, A. I. B.

The Philadelphia Chapter of the American Institute of Banking recently elected the following officers: Anthony G. Felix, of the People's National Bank, president; C. W. Fenninger, of the Provident Life & Trust Company, vice-president; Howard Derly, of the Tradesman's National Bank, secretary; Robert A. Frey, of the Pennsylvania Company for Insurance on Lives and Granting Annuities, treasurer. Eli Kendig, Jr., of the Philadelphia Company for Guaranteeing Mortgages, was elected to the board of governors to fill the unexpired term of Martin Lee, resigned.

C. B. NEWBOLD ON THE PENNSYLVANIA DIRECTORY

At a recent meeting of the directors of the Pennsylvania Railroad Company

Clement B. Newbold was elected a member of the board to succeed the late William H. Barnes. Mr. Newbold is a member of the banking firm of W. H. Newbold's Son & Co., and descendant of a family long prominent in financial, commercial and industrial circles of Philadelphia. He is a director of the Farmers and Mechanics National Bank, the Western Saving Fund Society, the Commercial Trust Company, a number of fire and life insurance companies and a director and vice-president of the Pennsylvania Academy of Fine Arts.

RESIGNATION OF AN OLD OFFICIAL

George Dreisbach, vice-president of the Mauch Chunk Trust Company of Mauch Chunk, Pennsylvania, recently resigned from that position, after a continuous service in the bank and other Mauch Chunk banks for over thirty years. The board of directors in accepting his resignation, which was on account of failing health, paid him a high tribute for sterling character, honesty, faithfulness and high sense of responsibility.

THE FIRST NATIONAL CORPORATION, BOSTON

The First National Corporation, with offices at 70 Federal street, Boston, has been incorporated under the laws of Massachusetts, with a capital of \$2,250,000 fully paid in cash, and under authority of the Federal Reserve Act the First National Bank of Boston has acquired all of this stock. The corpo-

From Tuesday, June 18, 1918

CENTRAL TRUST CO. of NEW YORK

ESTABLISHED 1875

UNION TRUST CO. of NEW YORK

ESTABLISHED 1864

will be known as

**CENTRAL UNION TRUST COMPANY
OF NEW YORK**

Capital, Surplus and Undivided Profits \$29,000,000

Deposits \$220,000,000

Until the alterations now being made at No. 80 Broadway are completed, the business heretofore transacted by the Central Trust Company will continue to be carried on at No. 54 Wall Street and the business heretofore transacted by the Union Trust Company will continue to be carried on at No. 80 Broadway. The business at both offices, however, after the effective date of the merger will be transacted by the Central Union Trust Company of New York, and new business of any kind may be taken up at either office.

The entire personnel of both companies will be retained and the company will be fully equipped to handle financial business of every kind consistent with conservative banking.

JAMES N. WALLACE

President and Chairman of Board of Trustees

EDWIN G. MERRILL

Vice-President and Vice-Chairman of Board of Trustees

VICE-PRESIDENTS

G. W. DAVISON E. F. HYDE H. M. POPHAM F. J. FULLER F. B. SMIDT
J. Y. G. WALKER J. V. B. THAYER D. OLCOTT, 2d B. A. MORTON F. J. LEARY

M. FERGUSON, *Vice-President & Secretary*

H. M. MYRICK, *Treasurer*

CHAS. P. STALLKNECHT, *Asst. Sec.* T. W. HARTSHORNE, *Asst. Secy.* W. H. LUDLUM, *Asst. Treas.*
O. L. COLES, *Asst. Secy.* E. P. ROGERS, *Asst. Secy.* S. H. TALLMAN, *Asst. Treas.*
GEO. J. CORBETT, *Asst. Secy.* D. A. ROWE, *Asst. Treas.*

PLAZA BRANCH

Fifth Avenue and 60th Street

W. McMASTER MILLS, *Vice-Prest.*
ERNEST H. COOK, *Asst. Treas.*
F. W. FIRTH, *Asst. Mgr.*

42ND STREET BRANCH

Madison Avenue and 42nd St.

C. R. BERRIEN, *Vice-Prest.*
HENRY C. HOLT, *Asst. Treas.*
R. N. McENANY, *Asst. Treas.*

FIFTH AVENUE BRANCH

38th Street and Fifth Avenue

C. W. PARSONS, *Asst. Treas.*
W. C. FAY, *Asst. Mgr.*

BOARD OF TRUSTEES

WALTER P. BLISS
JAMES C. BRADY
JAMES BROWN
GEO. W. DAVISON
JOHNSTON deFOREST
RICHARD DELAFIELD
CLARENCE DILLON
HENRY EVANS
FREDERIC de P. FOSTER
ADRIAN ISELIN

JAMES N. JARVIE
AUGUSTUS D. JUILLIARD
AUGUSTUS W. KELLEY
CHARLES LANIER
V. EVERIT MACY
EDWIN G. MERRILL
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DUDLEY OLCOTT
DUDLEY OLCOTT, 2d

W. EMLER ROOSEVELT
JACOB H. SCHIFF
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EDWIN THORNE
CORNELIUS VANDERBILT
J. Y. G. WALKER
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FRANCIS M. WELD
M. ORME WILSON
WILLIAM WOODWARD

SEND YOUR BUSINESS

ON THE

Twin Cities AND THE Northwest

TO THE

**CAPITAL AND SURPLUS
TEN MILLION DOLLARS**

*We are prepared to meet your most exacting
requirements and cordially invite you to write to us*



ration will supplement the work of the bank in the foreign field and will do an international letter of credit business, and in connection therewith it will develop a discount market for prime acceptances, particularly in New England. Offices have been opened in Boston and branches may be established in other cities and in foreign countries as business develops, as the corporation is pre-

pared to handle financial transactions of an international nature. The business of the Corporation will be conducted in such manner and under such regulations as may be provided by the Federal Reserve Board.

The officers and directors are: Daniel G. Wing, president; Charles F. Weed, vice-president; F. Abbot Goodhue, vice-president; Daniel A. De Menocal, vice-president; Edwin R. Rooney, treasurer; Edward H. Winslow, assistant treasurer; Fletcher L. Gill, assistant treasurer; Arthur B. Kinney, secretary.

Directors: Edwin P. Brown, president United Shoe Machinery Co.; Robert F. Herrick, Herrick, Smith, Donald & Farley; Henry Hornblower, Hornblower & Weeks; John R. Macomber, Harris, Forbes & Company; Andrew W. Preston, president United Fruit Company; C. G. Rice, U. S. Smelting, Refining & Mining Co.; Edwin S. Webster, Stone & Webster; Albert B. Wells, treasurer American Optical Co.; Daniel G. Wing, president First National Bank of Boston.

**EDMUND S. WOLFE, PRESIDENT FIRST
BRIDGEPORT NATIONAL BANK**



EDMUND S. WOLFE
President First Bridgeport National Bank,
Bridgeport, Conn.

After having served since November 1 last as assistant cashier of the National City Bank of New York, Edmund S. Wolfe has been elected president of the First Bridgeport National Bank, Bridgeport, Conn. This honor comes to Mr. Wolfe at an early age, as he is still a young man, having been born at Frederick, Md., September 6,

1883. His banking career began with the Traders National Bank of Washington, which bank he entered as a junior clerk. He later resigned from that bank to accept a position in the American National Bank of Washington, of which he was elected assistant cashier in 1907, which office he held continuously until 1912, in which year he was elected cashier of the District National Bank of Washington. Mr. Wolfe remained in this position until November 1, 1917, on which date he began his duties in The National City Bank of New York.

**GUARANTY TRUST COMPANY OF
CAMBRIDGE, MASS.**

The Guaranty Trust Company of Cambridge, Mass., declared the regular quarterly dividend of one and one-half per cent. and an extra dividend of one-half per cent., payable July 1, 1918, to stockholders of record June 20, 1918.

CONVENTION OF NEW ENGLAND BANKERS

The fifth annual convention of the New England States Bankers Associations was held at The Griswold, Eastern Point, New London, Friday and Saturday, June 21 and 22. The meeting was a great success. Not only was there a large attendance of bankers from every part of New England, but interest was keen in the many questions incident to present conditions which were up for discussion.

The program consisted of business meetings of the various state associations Friday afternoon, followed by a banquet to members and guests in the evening, at which Charles T. Treadway, president of the Connecticut Association, delivered an address of welcome and Dr. Nicholas Murray Butler spoke on "Some of the By-Products of the War."

The general convention Saturday morning was presided over by Governor Charles A. Morss, of the Federal Reserve Bank, Boston, and addresses were delivered by Guy C. Smith, on "A Basis for Short Term Farm Loans"; Albert

B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. Aspecial department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

**UNION TRUST COMPANY
CHICAGO**

*Strictly a Commercial Bank
Established 1869*

Breton, vice-president Guaranty Trust Co., New York, on "Commercial Credits Through Acceptances"; Pierre Jay, chairman Federal Reserve Bank, New York, on "State Institutions and the Federal Reserve System," and Hon. Theodore E. Burton, president Merchants National Bank, New York, on "What This War Means."

Saturday afternoon was spent in entertainment of various sorts.

The meetings of the different state associations, held Friday afternoon, were well attended. Officers were elected for the coming year and other business transacted, and addresses were delivered by men of national reputation. Everywhere the sentiment was expressed that the bankers of New England should stand as a unit in the present crisis of the country and lend every effort to the support of the na-



National City Special Bank Investment Service —and Why

A Message to Bankers

TO BANKS OF THE UNITED STATES
EVERYWHERE

Gentlemen:-

The first and foremost aim of a company organized by bankers and directed by a board composed of bankers is naturally to serve most efficiently the banks of the Nation.

The average bank has three chief problems: deposits, loans, and investments. The first two can be dealt with on local information, but in its investment function the bank must have a national outlook. There is no basic reason why a bank's location need restrict it to local opportunities in investments.

We believe that our system equips us to study and to understand exceptionally well the different banking conditions throughout the country, and, through our chain of Correspondent Offices, located in twenty-nine cities from the Atlantic to the Pacific, to render an unparalleled investment service.

The very volume of our business and the scope of our organization permits specialization among our men to the point that they become recognized experts in their particular lines. It permits continual educational work among our employees to the point that the standard of their knowledge of finance is raised and reflected in our service to banks. It permits us to equip our Correspondent Offices with trained men, and with all the mechanical facilities that spell quick and efficient service to the local community. It permits information

of vital importance, such as that furnished through our Tax Department, to be freely given to the public. The distribution of the expense over a broad volume of business makes this service possible. Above all, the volume of our business permits us to carry and offer such a diversity of bonds, short-term notes, and acceptances that we can always meet the requirements of a customer, rather than ask the customer to adapt his requirements to a restricted list.

We know that such an equipment is unique and presents opportunity to the bankers of the country who choose to utilize it.

In a series of talks with bankers in subsequent numbers of this magazine, we will explain some features of our banking service, which we hope will be of interest.

Our commercial purpose is frankly to buy and sell securities at a profit, but we recognize that we have no claim to the investment business of any bank except as the service rendered by us is not only efficient and intelligent but unusual in its features.

Very truly yours,

THE NATIONAL CITY COMPANY.


President.

The National City Company

The National City Bank Bldg., New York

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Bonds

Short Term Notes

Acceptances

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,235,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.
JOSEPH W. LEFFLER, Asst. Cash.

CLINTON G. MORGAN, Cashier
WILLIAM R. WEBB, Asst. Cash.

tional government in the promotion of its war program.

President C. A. Hinsch, of the Connecticut Bankers Association, addressed the meeting of the Connecticut Association, which registered itself unanimously against any plan for the guaranteeing of bank deposits. At the general convention Saturday morning the following resolution was also passed:

"That the members of the New England States Bankers Associations, in joint convention assembled at The Griswold, Eastern Point, on June 22, declare themselves as unanimously opposed to Senate bill 4426, and emphatically protest against the enactment into law of the said bill, or any other bill providing for the guarantee of deposits in any form. They believe it to be wrong in principle, inasmuch as it would jeopardize the very elements that make for the stability of the banking system by placing a premium upon incompetency, recklessness and dishonesty."

In urging the state banks to come

into the Reserve System, Mr. Jay said that so far as he could see all the objections which the state banks had previously had to the Federal Reserve System were swept away, except one, that the Federal Reserve Bank does not pay interest on deposits. It probably never will—it never can. When it does it ceases to be a reservoir of credit power, would cease to be a reserve bank at all. He also spoke of the advantages of the bank's collection system, saying that no bank can collect as quickly as the Federal Reserve. Previously the banks had felt compelled to carry large emergency funds, but now, through the operation of the Federal Reserve, they can loan up much closer and with perfect safety. The Federal Reserve Bank is the emergency reserve. Efforts were being made to enlist every bank in the system. If an American army is Foch's reserve, the Federal Bank should be Foch's financial reserve. If we have full strength on the field in France, we have got to have full strength financially at home.

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$44,663,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRAIM CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES B. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

GOVERNOR FANCHER WANTS SILVER
CERTIFICATES

The Federal Reserve Bank of Cleveland, through Governor Fancher, has asked banks in that district to send to the regional bank what silver certificates they have on hand or take in from time to time. They will receive in exchange other currency. Governor Fancher asks now for silver certificates in \$5 denomination, and as soon as the Federal Reserve bank notes of \$1 and \$2 denomination are ready, he will ask for silver certificates in those denominations. The request is in connection with the government's policy of melting into bullion the silver dollars behind the \$350,000,000 of silver certificates.

IMPORTANT INCREASE OF CAPITAL

It has been announced that the shareholders of the United Banking and Savings Company of Cleveland will be asked to approve an increase in the

capital stock from \$500,000 to \$1,000,000. This calls attention to the remarkably prosperous conditions of this institution. The directors contemplate declaration of sixty per cent. stock dividend out of the new stock, and to sell the balance at \$200 a share to business friends of the institution. The stock sold last on the open market at \$300 a share.

The United's deposits approximate \$11,500,000 and its surplus and undivided profits are about equal to the present capital stock.

FIRST NATIONAL OF CHICAGO REMEMBERS
ITS EMPLOYEES

More than 130 of the employees of the First National Bank of Chicago have joined the colors since our country entered the world war. This decrease in the number of experienced workers together with the general increased volume of work has called for added efforts on the part of those who remained. Appreciative of the response received,



What Do Bankers Want?

Years ago, in seeking to increase our business with banks, we answered that question for ourselves.

BANKERS WANT SERVICE—

Individual, Prompt, Efficient Service.

We have therefore specialized on Service—and the volume of our deposits from banks is now larger than that of any other institution West of the Mississippi River.

WRITE US—CALL ON US

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, \$13,000,000.00

JOHN G. LONSDALE, President
W. B. COWEN, Vice-President J. A. LEWIS, Vice-President and Cashier
R. F. McNALLY, Vice-President

and in view of existing conditions, the First National Bank of Chicago on May 28 distributed to its employees a bonus of five per cent. of their annual salary. This is the second bonus distribution made by this institution, the first one of ten per cent. being made on January 1.

LIBERTY LOAN AFFECTS CHICAGO SAVINGS DEPOSITS

The Third Liberty Loan had a depressing effect on savings deposits in Chicago, but to a less degree than had been anticipated. This is attributed to the intensity of the work in the campaign. People who had never before been inside of a bank bought bonds. Commenting on the loss of savings deposits, E. D. Hulbert, president of the Merchants Loan and Trust Company, said:

Of course, we do not like to see our savings deposits decrease, but we want the people to subscribe for Government bonds and we prefer that we should lose savings

deposits rather than commercial balances. The savings are intended eventually for investments. The commercial accounts are active and the money withdrawn from them goes out of active business.

NATIONAL BANKS CAN ACT AS TRUSTEES IN ILLINOIS

An opinion has been made public in Springfield, Ill., by Attorney-General Brundage to the effect that national banks have a legal right to do a trust business in Illinois, despite the recent adverse decision of the Illinois Supreme Court. Mr. Brundage bases his ruling on the decision of the United States Supreme Court in a Michigan case.

The Illinois decision was given in the case of the First National Bank of Joliet. Brundage's ruling advised State Auditor Russel to issue permits to do such business to National banks. As a result of attorney-general's opinion Russel said he would set about at once to issue permits to national banks wishing to engage in trust business in the state provided they were granted neces-

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Capital, Surplus and Profits Over \$8,000,000

ST. LOUIS

sary authority by the Federal Reserve Board.

The Illinois Supreme Court at a recent term in declining to recede from the original position against national banks did not ignore the sweeping decision of the United States Supreme Court, but said that the Joliet bank had not observed the proper method of procedure.

ST. LOUIS BANKS CHANGE THEIR CLOSING HOUR

Dating from June 3 the closing hour of the members of the St. Louis Clearing-House Association was changed from 3 to 2 p. m.; the closing hour on Saturdays remaining as heretofore—12 noon.

CHICAGO BANKERS OPPOSE GUARANTY BILL

Action has been taken by the Chicago Clearing-House Association against the Shafroth bill, providing for the guar-

anty of deposits not exceeding \$5,000. A written protest was sent to all Illinois representatives and senators and to members of the Banking and Currency Committee of the Senate by J. B. Forgan, chairman of the clearing-house committee, and with the approval of that committee, stating that the Chicago banks are unanimously opposed to the passage of the bill. Among other things, the protest says:

The taxation of the sound and conservatively managed national banks which form the overwhelming majority, for the benefit of the depositors of the very few which are unsound and recklessly managed, we consider unjust and unequitable for the following reasons:

It proposes to tax the sound national banks for the benefit of the depositors of a very small minority of banks which are mismanaged. It proposes to tax good banks to support bad, to penalize honesty, ability, experience and training to compensate for incompetency, dishonesty and ignorance; it removes from banking the essential characteristic on which success in the business has been based, viz., the necessity for maintaining reputation for character, prudence, foresight, sagacity and conservatism. It pro-



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Than other quality banks; receive all coins from half dollars down, also paper money. Made of high-grade material, heavily nicked on copper, name-plate on etched brass plate.

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poses to place the reckless and speculative banks on the same level with the best managed and the most conservative, which will lead to competition calculated to draw all of them down to the least meritorious.

Under the protection of such an act unsound banks, by granting their customers accommodations contrary to all sound banking principles and methods, would take business away from the sound ones, while to the extent of their contributions to the guaranty fund sound institutions would be required to support the unsound in their recklessness, besides giving them a standing and credit which they could not otherwise obtain.

The proposed legislation, therefore, does not give the honestly and well managed banks a square deal; it places a premium on dishonest and reckless banking and will go far to destroy the incentive of banks and bankers to establish for themselves a good name and reputation in their various communities.

BIG OWNERS OF CHICAGO BANK STOCKS

The Chicago "Evening Post" says the Norman W. Harris estate maintains its

rank as the largest single owner of Chicago bank stocks, it being listed as having holdings in five institutions amounting to \$5,852,970. Edward F. Swift holds stock in nineteen banks of a par value of \$1,100,600, while James A. Patten holds stock in twelve banks and J. Ogden Armour in ten banks, the latter's holdings being valued at \$3,589,790. E. H. Gary of the United States Steel Corporation is down for \$1,508,900, distributed among four banks. Ira N. Morris owns stock in ten banks and A. G. Becker in twenty-two, although Becker's total is only \$627,000. Louis F. Swift is the owner of stock in eleven banks. The Marshall Field Estate is credited with interest in five banks, while the Edward Morris Estate is down for seven banks. George Ade, the humorist, is listed as the owner of twenty-two shares of the Continental and Commercial National Bank.

TRAINING SCHEME FOR BOYS

A system of compulsory athletic training for every boy between the ages of fourteen and twenty-one years is urged by Nelson N. Lampert, vice-president of the Fort Dearborn National Bank of Chicago. Mr. Lampert is also president of the Chicago Athletic Association, and his ideas are therefore very practical. At the same time he has the banker's thoroughness, and therefore reviews the need of such a training as a preparation of the boys and men of America for the new duties that will fall upon them after the war.

MR. ENGELKE, OF MILWAUKEE, HONORED

The cashier of the American Exchange Bank of Milwaukee, Carl Engelke, has been elected president of the Milwaukee division of the National Association of Credit Men. Mr. Engelke served as treasurer for a number of terms, and in this position he is succeeded by George D. Prentice, assistant cashier of the Marine National Bank.

MR. KUOLT TO SUCCEED HIMSELF

It is said that Governor Phillips of Wisconsin will renominate Albert E.

Kuolt to succeed himself as State Commissioner of Banking of Wisconsin. Mr. Kuolt's term expired May 15. It is probable that no appointment will be made until the regular legislative session in January, 1919. Mr. Kuolt was appointed for the five-year term in 1913.

NEW BANK AT PORTERFIELD

A new bank has been incorporated at Porterfield, Wis., under the name of the Farmers and Traders Bank, and has received the approval of the State Banking Department. The incorporators are Otto A. Rusch, E. F. Christock, J. C. Voelker, Casper Rowe, Charles Francoun, Veil Kleinprent, and Arthur Olson.

NEW BANK AT NORFOLK

The City Bank and Trust Co. is being organized in Norfolk, Va. It will have a capital of \$100,000 with authorized capital of \$200,000, and will do a day and night business. The City Bank and Trust Company will begin business in temporary quarters, but later will move to the uptown section of Norfolk. The officers are A. F. Cathey, president; J. B. Morgan, first vice-president; T. R. Upton, second vice-president; J. A. C. Groner, secretary and Walter Dusch, treasurer.

BANK BUILDING BELONGS TO CITY, SAYS KANSAS BANK PRESIDENT

H. E. Bond, superintendent for Hoggson Brothers, the builders, is exerting every effort to finish up the thousand and one last-minute details in the completion of the new building for the First State Bank, Pittsburg, Kan., so that the bank may take possession of its new, handsome, modern Roman-Doric temple of commerce.

President Jay N. Patmor in inviting the public to the "house warming," said:

In inviting the public to help us celebrate the opening of our new building, we are not wholly actuated by a sense of our own personal pride. We believe that our home is something more than a new house for our banking institution; it belongs to Pittsburg, and through the builders we have

Patriotic bankers everywhere are standing solidly behind the Government by using constructive, patriotic advertising.

Collins Publicity Service

Philadelphia,

Penna.

attempted to express something of the spirit of our town.

Someone has said that an individual bank building, such as has been designed and built for the First State Bank, is its own herald. Certainly there is no mistaking its purpose. In the simple dignity of its architecture—distinct, individual—it stands as a bulwark of security. Its very aspect lends confidence. It is the concrete expression of the trust features of the banking business. The structure typifies the institution, and both become capitalized in the minds of the public.

The First State Bank was organized in 1903 by the late James Patmor, then the senior banker of Crawford county in point of number of years actively engaged in the banking business. The bank was organized with a capital of \$25,000. James Patmor died December 15, 1909, and Jay N. Patmor, his son, who had been cashier, was elected to the presidency of the bank in January, 1910. C. G. Henderlinder became cashier at the time. Mrs. Bertha A. Patmor,

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Bank, Commercial, and Foreign
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NEW YORK

widow of the founder of the bank, is vice-president. The First State Bank increased its capital from \$25,000 to \$50,000 on March 16, 1912, and created a surplus of \$25,000. The resources of the bank are now nearing the million dollar mark.

FRED ELLSWORTH FITS THE SITUATION

Fred W. Ellsworth, who recently became vice-president of the Hibernia Bank and Trust Company of New Orleans, is making his presence felt among the Southern bankers. He was an interested visitor at the Mississippi Bankers' convention, and thus displayed his enthusiasm over the meeting:

That Mississippi convention, at Camp Shelby, was one of the most interesting and enjoyable and profitable and inspiring bankers' conventions that I have ever been privileged to attend. It was 100 per cent. patriotic and 100 per cent. American, from start to finish. It certainly would be great if all the state conventions this year, like the Mississippi convention, would be held at a soldiers' camp.

FRANK I. DUGAN HONORED

Frank I. Dugan, cashier of the Citizens National Bank of Louisville, Ky., has been elected treasurer of the Louis-

ville Automobile Club. Mr. Dugan is one of the most popular bankers in Louisville, and his friends will rejoice with him over the new honor that has been conferred upon him.

PETERSBURG SAVINGS AND INSURANCE COMPANY TO HAVE ENLARGED QUARTERS

Active work has been commenced by Hoggson Brothers, the New York builders, on the remodelling and modernizing of the banking rooms of the Petersburg Savings and Insurance Company, at Petersburg, Va.

The remodelled quarters will provide ample room for the company's increase in business. New equipment and appliances will be installed, and when the work is completed the company will have a thoroughly up-to-date home. The decision of the directors to modernize and enlarge their present quarters is entirely in keeping with the times. While the government has not placed any absolute ban on new construction, the authorities have suggested that no new building operations be undertaken which will involve the utilization of labor, material and capital required in the production, supply or distribution of direct or indirect war needs. With this in view, concerns needing additional space are adapting their present quarters, through remodelling and enlarging, to solve their problems.

MERCANTILE TRUST CO., ST. LOUIS,
ENLARGES BUILDING

On May 13 the now enlarged and handsomely remodelled building of the

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Manufacturers National Bank
Racine . . . Wisconsin

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Mercantile Trust Co. of St. Louis, situated at Eighth, Locust and St. Charles streets, was opened for business and public inspection. It is estimated more than 18,000 persons visited the banking rooms on that day, and over 47,000 during the opening week. Floral offerings were sent by all the other financial institutions of St. Louis and a number of correspondent banks, and the officers of the company were the recipients of congratulatory letters and telegrams from all over the United States. The Mercantile Trust Co. recently absorbed the Mercantile National Bank of St. Louis, for many years its affiliated institution. Festus J. Wade is president. The capital of the enlarged institution is \$3,000,000, with surplus and profits of \$7,000,000. Total resources are \$59,658,970.

MR. HARRIS QUILTS THE MERCANTILE

Virgil M. Harris has resigned the position of trust officer of the Mercantile Trust Company of St. Louis. He had been in the employ of the Mercantile for nearly twenty years, and was very popular with everybody connected with the company. After a vacation in the East he will return to St. Louis and begin the practice of law. Whatever his occupation, he will always enjoy the esteem of the many friends he made while in the banking business.

RICHARD S. HAWES, JR., GOES TO ITALY

Richard S. Hawes, Jr., son of Richard S. Hawes, vice-president of the

Third National Bank of St. Louis, has received a commission from the Red Cross to drive an ambulance on the Italian front. He is in his nineteenth year.

BANK OF COMMERCE GIFT TO RED CROSS

The National Bank of Commerce in St. Louis made a cash donation to the Red Cross of \$25,000. President Lonsdale said the action could not be called liberality. It was but the fulfillment of a duty.

WOMEN IN A PORTLAND BANK

The First National Bank of Portland, Oregon, now employs women to the extent of two-thirds of its force. Arthur W. Jones, assistant cashier, reports further that they are doing satisfactory work, but that it requires on an average five girls at present to do three men's work, and that they are not yet sufficiently schooled to banking rush hours to stand the pressure with the same calm that men do. They are, on the whole, however, satisfactory. The large number of girls is directly attributable to the war, thirty men of the bank having joined the colors, and more are going steadily.

THIRD IN THE RACE

Silver Bow county, Montana, subscribed \$4,397,900 in the third Liberty Loan drive, placing this community third in the United States for towns of from 50,000 to 100,000 population. The quota was \$2,100,000, and actual returns show the investments by local people to have been more than double what was asked, an actual percentage of 210.

BOOSTING TRADE ACCEPTANCE

Citizens of Joliet, Ill., recently received a communication from the retail merchants of that city, asking them to give a trade acceptance whenever they desire credit. The letter contained the following strong points:

Your patriotic duty to your country, your town and your merchant is to give a Trade Acceptance if you want credit when you purchase goods. Your merchant is compelled to pay promptly for the goods which

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Principal Offices for Corporations in all
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Endorse your checks as you list them on your adding machine or separately as preferred. Strictly automatic.

No Levers to Pull or Push.

Eliminate the noisy and time consuming operation of hand endorsing.

Write us for full information regarding our attractive proposition



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:: :: CHICAGO, ILL.

he sells to you, and both the price of the goods and the cost of operation are so much higher than formerly that your merchant needs more capital to finance his business than ever before.

Your open account is a dead asset on your merchants books, but your Trade Acceptance can be used at the bank by your merchant to raise money to carry on his business.

The Government at Washington says, "Strong credit conditions are essential to

win the war and Trade Acceptances will help."

Trade Acceptances will tend to keep things going in the interests of your farm, your factory, your investments, or your job.

A Trade Acceptance is not a reflection on your credit or your integrity. It is mere evidence that you are willing to return the favor for the accommodation that you receive.

Are you with us? Sure you are.

Ask Your Stationer for
Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

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AMERICAN BANKERS ASSOCIATION OUT
FOR 20,000 MEMBERS

The American Bankers Association has begun a campaign for 20,000 members by September 1, next. The increase in membership since the convention last September has broken all records. In the last twelve months the gain in membership has been 1,483, and on May 28 there were 18,189 members.

Since May 1, 1908, the membership has nearly doubled. New York and Illinois are tied for first place with 1,082 members each, Pennsylvania is third with 990, Iowa fourth with 931, Kansas has 844, and Ohio 745.

There are nearly 30,000 banks in the United States and the Association has, therefore, great possibilities of further expansion. The goal of 20,000 by September 1 is a modest ambition. As a special inducement for joining, it has been ordered that the payment of dues for one year will bring the privileges of membership until August 31, 1919.

The officers of the Association feel that at this critical time the advantages of membership to banks are supplemented by the necessity for coöperation. Great demands are being made on the banks. The Government is dependent on them for financing the war and the requirements of business are such that the banker must be unusually alert and discreet. The American Bankers Association, as the great organization through which bankers can speak officially, has worked effectively in promoting the Liberty Loan and War Savings

campaigns and its officers and various committees and commission are making careful study of all financial legislation and banking regulations.

The larger the membership, the more effective the work. Every bank in the United States should be a member of the American Bankers Association.

SALE OF BONDS TO FARMERS

Perhaps the best feature of the Third Liberty Loan was the fact that nearly twenty million people were numbered among the subscribers, and next to that fact in importance is the one which showed the support given the loan by the farming population of the country.

Not only did the farmers purchase liberally of the bonds, but the rural communities as a rule were more prompt in completing their quotas of the loan than the larger cities. More than 20,000 communities in the United States subscribed or oversubscribed their quotas, many of them on the first day of the campaign. The majority of these were not cities, but country districts.

Iowa, a typical agricultural State, was the first to subscribe its quota and was followed by Oregon, Arkansas, Kentucky, and other States in which agriculture is the leading industry.

OUR TRADE WITH THE PHILIPPINES

The service department of the National Bank of Commerce of New York sends out this information concerning the share of the United States in the trade with the Philippines: The growth

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of our trade with the Philippine Islands is a gratifying story of steady expansion. In 1917, 57 per cent. of the value of all imports were of American origin, while 66 per cent. of all exports from the Islands were sent to the United States. In 1907 we furnished but seventeen per cent. of the total imports and received only thirty-one per cent. of the exports from the Philippine Islands. Our exports to the Philippines in 1917 were more than seven and a half times those in 1907, and our imports from them were more than six times those in the earlier year.

Philippine reports of imports of iron and steel include not only iron and steel, but all finished products, including a great deal of machinery. Imports declined since 1913, until during 1916 they totalled but \$3,763,239, as against \$8,613,904 three years earlier; but in 1917 they increased to \$5,927,563. The United States entirely dominates the market, our imports constituting about eighty-one per cent. in 1916 and eighty-four per cent. in 1915. Japan's exports to the Islands have leaped from one-tenth of one per cent. in 1913 to six per cent. in 1916. Great Britain's exports fell from thirteen per cent. of the total iron and steel and manufacturers imported into the Islands in 1913 to eight per cent. in 1916, while Germany's fell from eight per cent. in 1913 to less than one-half of one per cent. in 1916.

GREAT GROWTH OF A. B. A. MEMBERSHIP

During the past year, ending with April 24, 1918, the membership of

American Bankers Association has made the largest gain in the history of the Association, and the smallest percentage of loss on account of failures and delinquents. Following are the figures:

Membership, April 24, 1917....	16,671
Loss by failures, mergers, liquidations, delinquents, etc.....	301
	<hr/> 16,370
Additions to membership to April 24, 1918, inclusive....	1,674
Membership April 24, 1918....	18,044
	<hr/>
A net gain of.....	1,373

This great increase is due not only to the campaigns carried on from the general office, but also to the energetic work of the sections, council members, state vice-presidents and state secretaries, all of whom have contributed their quota. At the present time a campaign is being conducted in states having almost a full membership, with the object of reaching the 100 per cent. mark. Special efforts are also being made to increase the membership in those states now near the point where a few more members will mean another representative on the council.

TRADE ACCEPTANCE FACTS

Jerome Thralls, secretary of the National Bank Section of the American Bankers Association, says bankers and business men generally are beginning to recognize the trade acceptance as an instrument which if rightfully used will be a means of greatly improving the

credit system and strengthening the financial position of the entire country. It will not make a bad debt good, but it will put vitality into many commercial transactions which under the open book account system are a drag and a dead weight to the credit and financial system. In other words, the Trade Acceptance is to many trade transactions what army discipline is to the rookies. It puts them into shape to respond when called for service.

HERE IS A SOLVENT BANK

Now they are calling the United States Food Administration the food bank of the nation. In commercial affairs you put your money in the bank knowing that the multiplication of many small accounts gives stability and makes possible larger transactions in the world of business than could be handled with any small fund. No depositor expects to see his money all the time. It is sufficient to know that it is in good company, in other words, that the bank is solvent. Wheat is in very much the same situation as money in the world to-day. Large transactions are necessary if the world war is to be fought to a successful conclusion for ourselves and the Allies, and yet these large transactions must be based upon the multiplied savings of millions of people. Each one can deposit in the general store only a small amount. What is very important is for every saver of wheat to know that the Food Administration is protecting his interests, that sufficient reserves will always be kept to guarantee the support of American citizens. This knowledge begets confidence, and confidence eliminates hoarding and "runs" on the bank. The Food Administration is your food bank, and it is solvent.

CHANGE IN CANADIAN BANKING HOURS

A change in the hours of Canadian banking institutions went into effect to-day, June 1. The working period was not changed, but banks, instead of open-

ing at 10 a. m. and closing at 3 p. m., have fixed their hours from 9:30 a. m. to 2:30 P. M.; Saturday, the hours will be from 9:30 to 12 o'clock.

The banks also propose to discontinue the custom of accepting payment for water, gas or electric light rates or taxes, at the banks. There has been little return to the institutions in this class of business, and, with depleted staffs and a large percentage of inexperienced help, bankers have decided to reduce the work as much as possible. The public will be asked to assist in reducing the number of checks issued by paying small bills in cash, and the custom of remaining open in the evenings will be abandoned, except in Quebec, where much of the business of some banks is done after the ordinary working day is over.

The Canadian Bankers Association, in asking the coöperation of the public on behalf of the banks in their new move, say:

More than half the men in the banks of Canada are now on military service, and the number which remains is being steadily reduced.

Women clerks have been employed in thousands and have done splendidly, but they have not the experience of the men they replace. It would be out of the question to expect them to work as rapidly or with the same knowledge of banking officers of many years' training in the profession.

The drain upon the number of experienced officers has now reached a point where it is necessary to ask the public to take into consideration this decrease in efficiency, and to lighten, as far as they can, the burden thus thrown upon those left to run the business. Canada was never so busy as now and the volume of banking business is greater than ever before.

Transact your banking business in the morning as far as possible, and as early as possible. Try to avoid a rush at closing time.

Do not draw any more checks than are absolutely necessary. Instead of paying small accounts by check, draw the money in one amount and pay in cash.

The changed hours, it states, "will give the staff more time to complete the large amount of work which cannot be taken up until after the office is closed to the public."

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

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Indignation Against Profiteering

THE report of the Federal Trade Commission showing enormous profits in certain industries has been received by the country with mingled feelings of rage and astonishment. People are naturally and justly indignant to learn that while they are asked to make sacrifices of various kinds, others are enjoying these enormous profits. Very properly also is there resentment against those who are coining into money the necessities of the Government, and of its soldiers and sailors, and whose inordinate greed is not even checked by the pitiful cries of the starving thousands in the war-devastated lands of Europe. The war profiteer is an unpopular person, and justly so.

Granting all this, one cannot escape the feeling that there is in the Federal Trade Commission's report an animus against business of every kind. Profit means business success, and that has become in the eyes of many all but a capital offense. The Government is exercising extensive control over the country's great basic industries, such control extending to fixing the prices at which many commodities shall be sold. Why have such profits been permitted?

A report such as that made by the Federal Trade Commission is apt to be deceptive. Only by taking a long series of years can there be an adequate determination of actual profits; and unless some explanation is given as to the use made of profits, erroneous conclusions are likely to be drawn. It is inconceivable, if such profits could be made as this report indicates, that capital would not be attracted to the various enterprises concerned in sufficient quantity to bring down the profits to a normal level.

The corporation that in one year makes a profit of one hundred and ten per cent., putting back into the business all but ten per cent., may have conferred a vast benefit upon the community. Of course, this illustration may be extreme; but, on the other hand, many concerns do employ their profits to a large extent in so improving their plants as to increase their output and cheapen the product. Under present conditions, when the quantity of the prod-

uct is of such momentous importance, it is essential that profits shall be so employed to the greatest possible extent.

It is also a grave question whether, under existing circumstances, a report of this kind should have been made public. Its effect, both at home and abroad, can hardly be otherwise than harmful. On the other hand, if there are such flagrant examples of war profiteering as the report indicates, and these could be corrected in no other way save through publicity, then there may be justification for the publication of the report. Confessedly, though, it is somewhat disheartening. In recent months we have seen how the American business man has given time and money without stint in the public service and for many a noble cause. Now this same business man, through the channels of Government, has been held up to public scorn as one who is utilizing the necessities of his country and the sufferings of peoples allied with us for the purpose of making inordinate profits. If true, this is not a pleasant situation; and, if not true, the truth can not be too quickly told.



The Workless Day

Work: Ah! forget it.—MOTTO OF CHUCK CONNORS' BALL.

AT last the human race approaches that Nirvana for which it has so long pined. Gradually the curse inflicted as the penalty of Adam's indiscretion promises to be remitted. The dawn of the workless day already walks o'er the dew of the high eastward hills. In the not distant future we may all forego our tasks and devote our time wholly to studying the laws which our legislators have enacted for the regulation of every human action, including the art of living without food, shelter and raiment—and hence without work.

Following the example of the Government in refusing to permit certain employees a working day of nominally eight hours instead of the present seven hours, the Socialist Party of the State of New York has adopted resolutions favoring a six-hour day. Manifestly only sinister capitalistic influences compelled the halt in the paring down process of the working day at six hours. Why six hours? Why any hours at all? May all of us not eat of the chameleon's dish, the air, promise-crammed?

Perhaps, despite the easy hours of labor enjoyed by the favored few, the complete realization of the workless day will have to wait awhile; for there is much serious work to be done and even the

twenty-four hours are all too few. While thousands of women and children are toiling to make up the shortage of labor, is it not rather the manly part for the workers to remain longer at their tasks than to seek to shorten them?

Our troops on the firing-line are not asking for an eight-hour day. Is our burden so much heavier that we should demand privileges which they neither ask nor expect?



Turning the World Upside Down

If I had my way, the world should be turned upside down, but what the poor folk should get nearer the sun!—ROBIN OF REDESDALE.

THE twentieth century prototype of this modest highwayman of an earlier day, in his efforts to turn the world upside down, puts forth the same pretext of a longing for a place in the sun. How heavily upon these iconoclasts lie the burden of the poor folk! Masking their unholy ambitions, their lust to kill and to despoil, under this cloak of hypocrisy, they deluge the world in blood and in debt, destroying with amazing swiftness the slowly-acquired fruits of capital and of toil. This desire to gain by force what does not rightfully belong either to the nation or to the individual characterizes the times in which we live. Hence the turning of the world upside down, which we are now witnessing. When it is all over—when the world rights itself—will the poor folk be nearer the sun than they were before? To pay the cost of this mighty upheaval, the rich and the moderately well-to-do may be taxed more heavily than ever before, but how can the poor escape a share of the burden? The hope of human betterment lay in the creation of capital with the consequent multiplication in the production of goods and in the added development of the waste places of the earth. That hope was being rapidly fulfilled, but the mad ambition of Germany for world dominion and the confiscatory tendencies of certain elements in Russia have operated to check that beneficent tendency. Germany's plans for turning the world upside down and for grabbing the fruits that would fall into her lap during the upheaval are in a fair way of being frustrated by the forcible resistance of those nations which still believe in the rule of justice. But the sentimentalism which has suddenly taken hold of a large section of the Russian mind threatens the whole world, and is less easy to oppose either by force or argument. People are apt to be deluded by professions of brotherly love, even when such professions are followed by the manifestation of an intention to appropriate the property of others.

Yet, if we stop to think, we must realize that all the property which the people of the world possess came not to them by spoliation and oppression, but that most of it is the gathered fruit of toil, of skill and of self-denial. The accumulated wealth of the world had become a reservoir upon which all peoples were drawing for their sustenance, because as wealth accumulates it automatically turns itself into productive capital, and in this product all mankind must share according to their desire, their industry and their skill. That some in their unholy greed and others in their inability clearly to perceive the relations of things could not be content with what rightfully belonged to them, has checked this accumulative process, and it can be restored again only after long and painful effort.

He who contended that "whatever is, is right" held back the race from making progress if the process implied parting with existing methods or conditions; but the belief that "whatever is, is wrong" discards the lessons of experience, which constitute the safest guides for the advancement of mankind.



A Spanish-American Bank

DIFFICULTIES recently experienced by the United States in procuring loans in Spain have served to call attention to what may be a lack in the country's financial machinery. We have no bank doing business in this country created for the special purpose of handling business with Spain. Such an institution would probably find considerable support in a city like New York, for example, where there is always a large temporary or floating population of Spanish-speaking people. It might also supplement the work of other banks organized here and operating in the South and Central American field.

But probably the most useful function which such a bank would perform would consist in bringing Spanish and American commercial and financial interests into closer relation. There is already a large trade between Spain and the United States, which is sure to become larger as the years go by, and no doubt this trade would be facilitated by a bank of the character indicated.

This country is at present suffering some inconvenience because of a lack of satisfactory financial arrangements with Spain. Quite possibly, had a bank of this character already been in operation, with offices in New York and Madrid or Barcelona, these arrangements might have been consummated.

Limits of the Indignation of the Hon. Atlee Pomerene

UNDER the frank of the Hon. Atlee Pomerene, a member of the United States Senate from the State of Ohio, there comes a copy of that gentleman's remarks on second-class postage rates. The envelope in which this highly instructive document was conveyed to this office bears in the upper left-hand corner the words, "United States Senate, committee on privileges and elections, free." In the upper right-hand corner of the envelope appears in facsimile, "Atlee Pomerene," and underneath the signature, "U. S. S."

These talismanic words enable the Hon. Atlee Pomerene to pass through the United States mails his views on second-class postage rates and other subjects without any cost to him, whatever the cost may be to the taxpayers of the United States.

When ordinary citizens not members of the House or Senate wish to spread their views broadcast they must pay the rate of postage prescribed by law.

Senator Atlee Pomerene, in the pamphlet in question, grows highly indignant because, as he claims, some \$70,000,000 is virtually given annually to the publishers of second-class mail matter in the form of a "subsidy." In other words, that the one-cent rate a pound on second-class matter produces a revenue of some \$11,000,000 annually, while the cost to the Government for rendering the service of carrying second-class mail is some \$80,000,000 annually. Senator Pomerene says:

"We are carrying the newspapers and the magazines of this country at a cost of seven or eight cents per pound, and we receive from them one cent per pound; and there never has been a more persistent campaign conducted in behalf of or against any measure that ever has been presented to Congress than that which is being conducted now by the publishers of the country to continue their present privileges.

"I am here to say that if we were to attempt to give this same bonus to any other interest in the country a cry would go forth throughout the length and breadth of this land against Senators and Congressmen who would engage in that kind of legislation, which should be loud enough to drive them from public life. * * *

"Senators have referred to the fact that an average of perhaps fifty per cent. of the space in the newspapers and magazines is now being filled with advertising matter. That advertising matter in the columns of the newspapers and magazines is just as much merchandise as the merchandise that they are advertising."

The correctness of these figures so far as they relate to the cost of carrying second-class matter was challenged by so competent an

authority as Senator Weeks of Massachusetts. In speaking on the cost of carrying second-class mail, Senator Weeks said:

"The Postoffice Department reports to Congress that it carried the parcel post last year for less than three cents a pound. The weight of the parcel-post packages is greater than the second-class price weight, about twice as great, and it is carried about twice as far as the average second-class package; and yet the Postoffice Department says it made a profit of something like a quarter of a cent a pound, and that the actual cost of carrying the parcel post was less than three cents a pound."

This would perhaps cut the "subsidy" of \$70,000,000 down one-half—a small matter, of course.

The National One-Cent Letter Postage Association has its domicile at Cleveland, in Senator Pomerene's state. It is an organization engaged actively in behalf of one-cent letter postage. Has it escaped the observation of Senator Pomerene that this is really a movement to disseminate advertising at a merely nominal rate? Millions of letters passing through the mails are advertisements and nothing else. If a special rate of postage is to be levied on the part of newspapers and magazines devoted to advertising, why not penalize letters and circulars which are really advertisements of a different kind? Are not both kinds of advertising a propaganda for increasing the business of the country and therefore proper subjects of punitive legislation?

But if Senator Pomerene is indignant at the "subsidy" of \$70,000,000 annually presented to the publishers of the United States—though he is altogether too generous in his estimate—why does he not betray some show of anger against those who are wasting the people's money right under his own nose? Reference is made to the "Congressional Record," a publication which members of the House and Senate not only permit to waste the public funds, but themselves are the transgressors. Many of the so-called speeches appearing in this publication, purporting to have been delivered in the House or Senate, were never delivered there or anywhere else. They are not intended for the information of members of either branch of Congress, but are printed and circulated at public expense as campaign documents—a fact which appears to excite no indignation in the breast of Hon. Atlee Pomerene. But worse than this, page after page of this so-called "Congressional Record" contains speeches delivered by this, that and the other person on almost every subject under and above the sun. Here is the issue of June 24, containing, on page 8906, the "extension of Remarks of Hon. Julius Kahn," with these remarks from that gentleman:

"Mr. Speaker, availing myself of the privilege granted me for leave to extend my remarks, I take pleasure in submitting the offi-

cial report of the addresses delivered at the National Press Club, Washington, D. C., on Saturday evening, May 11, 1918. They are as follows:"

Here follow the speeches, occupying some three pages of the "Record." Of course, Mr. Kahn, who is an industrious, patriotic and able member of the House, was only following a general custom. Not infrequently the "Record" contains funeral orations delivered at various points throughout the country, by obscure individuals, who seek to gain public attention by having their effusions published in the "Record" under the leave-to-print privilege. A short time ago several pages of the "Congressional Record" were devoted to the "Areopagitaca" of John Milton, and once the "Progress and Poverty" of Henry George was included in some member's speech.

If Senator Atlee Pomerene desires to save the people's money, why does he limit his indignation to the publishers of second-class mail matter? Why does he not strike nearer home, and eliminate the enormous waste of public money in printing and circulating an official publication whose contents belie its name?



The German People

AS the war goes on, revealing fresh instances of brutality on the part of the Teutonic foes, various illusions are dispelled.

One of these illusions, long clung to with considerable fondness, has to do with the character of the German people. There are those who still seem to think that the Germans themselves are very kindly folk. That the 70,000,000 people of the country have been brought under the yoke of a few despots and military tyrants, whose acts are condemned by the masses. Nobody stops to inquire why these despots and tyrants are tolerated. If the German people do not approve of the brutality of the military caste, why do they not get rid of them? As they do not do so the conclusion is inescapable that it is because they are well satisfied with them.

This view that we must distinguish between the German Government and the German people is thus expressed in a recent book by Professor Jastrow of the University of Pennsylvania ("The War and the Coming Peace"):

"No truer and no more penetrating word was ever spoken than the insistence by the President of this Republic, on various occa-

sions, upon the distinction to be made between the German Government and the German people."

As Secretary Lansing in a recent address directly charged the German people with responsibility for the mad ambitions of the country's rulers, it may be inferred that President Wilson has also modified his views in respect to this matter. Certainly he would be fully justified in doing so in view of the numerous atrocities which the German people have not only failed to condemn but have openly approved.

Germany as a nation must be judged by its Government. Very likely the latter is just what the majority of the people want. They have become deluded with the ambition for that power which in the past has been gained by military conquest. Should their present attempt to gain power in that way prove successful the result would no doubt justify the means in their view.

Not only must the German armies be defeated and the present brutal autocratic military clique be shorn of power and punished, but the German people themselves must have it brought home to them, in a way they can never forget, that international murder and robbery are enterprises that do not pay. It may be too much to hope that they can ever be made to understand such things are evil. They must also be given proof such as will be open to their comprehension that the system of autocratic militarism to which they have pinned their faith is outgrown and must be scrapped.

Finally, unless the civilized world wishes to be twice stung by the same serpent, the German people, at the close of this war, will be forever rendered incapable of again plunging the nations into a maelstrom of blood.



Financial Aid to China

RECENT negotiations for an American loan to China have brought to public attention the history of our financial dealings with that country. During the régime of the eminent Chautauquan William J. Bryan in the State Department we withdrew as one of the constituent parties of the six-power group that had been benevolently looking after Chinese financial needs. Mr. Bryan doubtless wished to have the country to withdraw from this arrangement on the ground that it did not accord with some of his well-known altruistic sentiments. Besides, he was very busy in negotiating peace treaties at the time.

Probably, at this late day it may not be very chivalric to put

upon Mr. Bryan all the responsibility for our course with respect to Chinese finances. It was but a part of the policy which in those days was based upon idealistic conceptions which have been found unworkable under the very practical conditions of the times.

The step was an exceedingly unfortunate one, as it has not only helped to plunge China into a state of economic and political chaos, but it has seriously endangered our own position with respect to both Japan and China, and because of it we are to-day menaced with the possibility of being supplanted in the Far East by the great enemy of modern civilization, Germany. So much for the attempt to apply idealistic theories to an extremely practical situation.

The six-power plan, of course, would in any event have fallen to the ground because of the war. At present only Japan and the United States are in a position to make loans to China, and presumably for some time to come the financing of the latter country will have to be done through these two powers, doubtless acting in harmony with the views of the other Entente Nations. Our delay in the matter has already compelled China to turn to the only friendly source available—Japan—and no surprise need be felt if German financial influences should seek by insidious means to gain a foothold in China. They will not succeed, provided this country acts speedily and in concert with Japan in making to the Chinese Government the advances that are required for military preparations and economic development.

In what has been said the fact has not been overlooked that recently the political situation in China has not had that stability which would be inviting to foreign capital. Furthermore, financial participation in China has sometimes meant more or less political intervention, and it may be that by holding aloof from Chinese finance we have allowed a feeling of confidence in our intentions to develop. We have no designs on Chinese territory, nor do we wish any special trade privileges in that country. On the other hand, we should like a fair opportunity of coöperating with others in the development of that great country and of sharing in its trade.



Our Policy Toward Mexico

MEXICAN affairs, which have been obscured for some time by the great events in Europe, have once more come into prominence by reason of an address which President Wilson made to a delegation of editors from Mexico recently on a visit to this country. In the course of his address to these visitors the President said:

"The policy of my Administration toward Mexico was in every point based upon the principle that the internal settlement of the affairs of Mexico was none of our business, that we had no right to interfere with or dictate to Mexico in any particular with regard to her own affairs.

"When we sent troops into Mexico our sincere desire was nothing else than to assist you to get rid of a man who was making the settlement of your affairs for the time being impossible. We had no desire to use our troops for any other purpose, and I was in hopes that by assisting in that way and thereupon immediately withdrawing I might give substantial truth to the assurance that I had given your Government through President Carranza."

Further on in his address the President regretted that influences hostile to this country had succeeded in creating suspicion regarding the purpose of this intervention.

It is evident that the Carranza government in Mexico has been open to suspicion on the ground of unfriendliness to this country at a time when a contrary attitude would have been of great service, and which was naturally to be expected in view of what President Wilson had done to smooth Carranza's path to supreme executive power in Mexico.

It is possible that Carranza judged of America's attitude toward other countries by our acts rather than by our own interpretation of such acts.

President Wilson declares that his policy toward Mexico "was in every point based upon the principle that the internal settlement of the affairs of Mexico was none of our business; that we had no right to interfere with or dictate to Mexico with regard to her own affairs."

If that theory was accepted in principle, was it followed in practice? Twice we forcibly intervened in Mexico—once at Vera Cruz to wring an apology from Huerta, and again on the northern border to "get" Villa. In neither objective were we successful completely, although this use of force was instrumental in depriving Huerta of power and weakening Villa's activities. In both cases the real beneficiary of our action was Carranza, and quite naturally President Wilson is chagrined that he does not show his appreciation of our labor in his behalf. Possibly Carranza may argue that as we twice forcibly intervened in Mexico virtually in his behalf, we may later intervene in behalf of someone else—a conclusion not wholly without logical basis.

The people of Mexico are often referred to as childlike in their simplicity, but first-hand observers have failed to notice that this unsophistication is characteristic of those in official life.

Quite probably were Mexico governed at the present time either by Huerta or Felix Diaz, the attitude of the country would

be one of unsuspected friendliness to the United States. The Carranze régime is open to the suspicion of leaning toward Germany.

In twice using force in Mexico we may have in effect intervened in behalf of the wrong man, whatever may have been our purpose. Having done this, we should endure the consequences with a calm philosophy.

But it is a most disquieting circumstance that at the present critical juncture of affairs Mexico should be ruled by those whose friendship for the United States is open to question, and still more disquieting to reflect that upon us may possibly rest the responsibility for such a state of affairs.



Governmental Control of Industries and Finance

HOW far the Government has proceeded in the control and regulation of finance is shown in a pamphlet compiled and published by the Fourth Street National Bank of Philadelphia. It is stated broadly in this pamphlet that the Government controls practically all business through power to regulate the distribution of fuel and materials, and practically all labor and employment through indirect military or industrial powers. Regulation extends to mining, food selling and distributing trades; all concerns requiring transportation service. The Government operates railways, shipyards (privately owned), establishments producing army supplies, and miscellaneous industrial concerns essential to war. It owns navy yards and other shipbuilding plants, armories and gun factories, Government powder plants, shares in yield of Federal Reserve Banks, the War Finance Corporation and the Emergency Fleet Corporation.

In finance, the pamphlet states, quite as effectively as in trade and industry—if not more so—the Government has undertaken supreme control.

“In all cases,” it is said, “it would seem that the new methods of control are nominally intended to be discontinued within a specific time after the war. There is a belief, however, that not a few of the new regulations will be made permanent in some form not yet decided upon.”

Thus it appears that while we have been engaged in discussing Socialism, a qualified form of Socialism has taken effect under the necessities arising from the war. Shall we go back to the old sys-

tem of private ownership and control of the country's industry and finance, so far as that system has been supplemented already by Governmental activities, or shall we allow the Government to extend its authority over business and to retain the hold it has already attained?

Very likely the Government considered it desirable to exercise a large degree of control and regulation over industry and finance during the war, but the tendency towards a qualified form of Socialism which has long prevailed in this and other countries probably operates to cause a much wider extension of Governmental activity than would have been the case in other circumstances.

Not only during the war but for a long time afterwards we seem to be in for an epoch of Socialistic experiments. Will the experience thus gained cause us to embrace the entire Socialistic theory or will it cause us to go back to individualism? Probably it is just as well that this limited application of Socialism should come about under the pressure of war. Thus applied, no one finds very serious objections to it. In time of peace there would certainly be manifest more of a disposition to cut out some of the present innovations. If it should turn out that our Socialistic experiments are good, everybody will want to keep them and to extend the application of the principle. Should they prove unsatisfactory, we can all take comfort in the fact that they were war expedients anyhow, and go back to the old conditions.

A great many people in this country have been impatient to have Socialism tried on a large scale. They are now getting their wish. It will be interesting to see the results of the trial.



"Lest We Forget"

When the head of the Potsdam gang of assassins begins to prate of a settlement of the war through diplomacy, it is time for Americans not only to remember the "Lusitania," but other more recent happenings. A few of the many reasons why the United States will never enter into peace negotiations with Germany are given below.

GERMAN ATTACK ON RED CROSS HOSPITAL

[From the New York "Evening World," June 27, 1918.]

God will never forgive nor will men of England ever forget.

With these words Col. G. H. Andrews of the Canadian Expeditionary Forces and a veteran of three years' fighting, concluded to-day his vivid description of the German air raid upon the hospital at Boulenes, May 29. He stood surrounded by a group of Canadian officers who had just arrived with him by British steamer at an American port.

The hospital at Boulenes, in the Amiens sector, is one of the largest behind the Allied lines, said Col. Andrews. It has a record of having handled 2,600 casualties in a single day. At night the red crosses on its roofs were illuminated for the benefit of enemy airmen, and there were Red Cross flags prominently displayed. There was no possible excuse for mistaking the nature of the great group of buildings.

I had been attached to the Boulenes Hospital as chaplain for some time before the dreadful night of the raid. On that night I had just finished my round of inspection and was going to my quarters when the hum of the German raiders came to my ears.

GERMAN PRISONERS' WARDS SPARED BY RAIDERS

It can be differentiated from the noise of French or English planes by the fact of the different motor construction. None of us knew the Germans were in the air, but we thought they were just passing over on some bombing expedition against the troops. Then came the first bomb.

Let me emphasize a singular fact. The

operating room was on the ground floor of a three-story wing wherein, necessarily, the most serious cases were lodged. Less than a hundred yards away were wards where wounded German prisoners were lodged. During all the attack, both by bomb and machine gun fire, the building housing German prisoners was not touched.

The first bomb, which must have been of the 250-pound variety, came down on the roof of the wing where the serious casualties were established, went through the roof and the two top floors, carrying men and beds through the hole it made, and exploded in the midst of the operating room. An operation of the most serious character was in progress at the time, one of the assistant surgeons being a Lieutenant Sage—a New York man.

Every person in the room, including two Red Cross nurses and the unconscious patient himself, was killed and the hospital soon was a roaring furnace. Every able-bodied man in the hospital equipment, as well as some of the less severely wounded, hurried to help move the helpless men who were lying in bed in the rest of the building.

That work was ghastly. Some of the stairways had been blown away so that we had to lower wounded from the windows. To make the ordeal more terrifying, some of the German airmen swooped low and rained machine gun bullets on the rescuers as they worked in and out of the burning building.

Thirty-seven were killed in that wing of the hospital alone, many of them being burned to death.

AN OUTRAGE BY GERMAN OFFICERS

[From a sermon by Rev. Newell Dwight Hillis, Plymouth Church, Brooklyn, N. Y., June 9, 1918.]

From the viewpoint of humanity, also, multitudes are asking: "Where has God stood during this war?" For some of us there is a certain tragic poignancy in the question, based upon personal experiences. One night, under the trees in the garden, some miles from Ypres, though the thunder of the guns was always in the air, a young English lieutenant told his story of a night just seven weeks before. Chilled by the Belgian fog and rain, the boy of 24 crept down a ladder into a shell-proof pit, and there with his fellow officers smoked his pipe and talked about the events of the

day and the possible events of the morrow. At last the hour came for them to return to the upper trench. Unable to keep the good news to himself, the young lieutenant exclaimed, "One week from tonight I shall not be in this trench, but at home in England, and see my wife and little girl." The noble English colonel congratulated the boy, and said that within three months he would have his week's "permission" at home. During a few minutes the two officers conversed together about mutual plans, and then suddenly realized that something had happened to their guest. The French captain was beating his steel helmet and his fists against the wooden boards that keep the yellow clay from falling. What was the matter? How had they wounded their guest? In that moment the noble English colonel put his hands on the French captain's shoulder, saying, "I trust, sir, you will soon have a chance of going home and seeing your family." The captain turned like a wild man. He thrust his lantern and his fists right into the face of the English colonel, as he half sobbed and half shouted these words: "How do you men dare talk to me about going home? You Englishmen do not understand. Your land has not been invaded. Your families have not been destroyed. Go home! Whither shall I go? My town is gone! My shop is gone! My home is gone! I had a little girl, I did not even know she was a woman yet—and her mother was still young. The Germans carried my little girl and my young wife away as captives. And now the Roman Catholic priest sends me word that within six weeks my little, little girl and my young wife will both have babes by the same wicked officer!"

LOOT CORPS OF THE GERMAN ARMY

[From a special cable to the New York "Sun," Paris, July 1, 1918.]

In their advance to the Marne the German armies were followed by a corps of what might be described as professional burglars—men armed with jimmys, crow-bars and housebreaking and looting tools of every description. All the French correspondents at the front are agreed in their accounts of systematic robbery carried on by the invader.

The officer barons of the Germany army, in emulation of that distinguished and unwounded warrior, Prince Eitel, are especially active in looting homes. Their motto, as applied to their own soldiers seems to be: "You go ahead to fight while we remain behind to rob."

"These genteel burglars," to quote a French correspondent, "systematically rob right and left as soon as their men have trampled over the country in front of them.

Indeed, it seems the Kaiser's fighters have been urged forward recently by promises that all loot would be equally divided. The inference from this is that in happier days, when it was unnecessary to use other than heavy toed shoes or gun butts to prod the German soldier onward, the swag was appropriated by the officers, while the men got nothing.

The unhappy condition of affairs in the German army is now indicated by letters found on prisoners, and on the bodies of the dead, promising a division of all shoes, clothing, jewelry, wine and other valuables.

Among these letters was one found in the pocket of an officer of the Forty-second German Regiment, demanding from him that he make delivery, to the writer of the letter, of a number of articles, stolen the night before, including several ladies' waists, eight pairs of shoes, ten slippers, five petticoats, two blouses, tooth brushes and twenty bottles of champagne.

MORE GERMAN BARBARITY TO WOMEN

[Correspondence of Philadelphia "Public Ledger," London, June 4, 1918.]

Under the heading, "Their Women Slaves," the Daily Mail on Tuesday refers to the volume "En Slavage: Journal de Deux Deportees," which tells of the fate of 600 women captured in Lille. Volume 13 is dedicated to a member of the French Academy and is just published. The article is printed on the editorial page of the Daily Mail and refers to the allegations of a British prisoner of war, who told of how prisoners of Germany were tempted to do munition work and how men were promised if they would serve the Hun they would be permitted to contract temporary marriages, with the double idea of increasing the birth rate and the munition output. That is the man's side of the story and it is terrible enough.

Some light on the woman's side is shed by this book, which contains the statements of two Frenchwomen who were carried off in slavery by the Germans. They have since been repatriated and so their story has become known.

The facts are revolting, but they must be disclosed so that the Allies may understand the evil thing which they are combating—that the voices of cowards and fools who would make peace with a triumphant beast may be stilled; that punishment may be done upon the criminals.

"Yvonne X.," one of the best of the French middle class families in Lille, said she was thirty years old. Suddenly at 4 A. M. on Easter, 1917, the Germans descended upon her and she was made to get up out of bed and told if she did not come she would be dragged away. She was given

twenty minutes. In this fashion 600 women and girls, many of them not older than eighteen and some even younger, were collected.

DREGS OF BARBARISM

Into a cattle van, on which were chalked "eighteen women," twenty women and four men were driven like the beasts whose places they were taking. Then the women were led away to a house where "they were passed one by one, entirely naked, before a German major" for a so-called medical examination. The miserable victims uttered the most violent protests, but had to submit, yet their outcry was not without some effect. "When my turn came," Yvonne X. states, "everything passed correctly."

Three of the girls, after this examination, wept bitterly, and then were reported by the Germans "good for every purpose," which, as the slaves discovered, means they were destined for outrage by the troops. This was only the beginning. The Germans deliberately penned virtuous girls with disreputable women and all were treated with the same contempt. The Germans, with the evident intention of destroying the women's morality, often placed several men in separate houses with one or two women.

THE STORY OF MARIE

More terrible was the narrative of Marie X., a girl of twenty. She was carried off at 2:30 in the morning and subjected to a medical examination under even more disgusting conditions than Yvonne X., since a German commissioned officer attempted to witness the examination and was only sent away when she firmly refused. There were others more miserable at a village where 150 women were lodged, or rather penned, in a barn. They lay pellmell on the straw, devoured by vermin. Every evening the door was opened to soldiers for women they meant to take away.

GERMANS KILL FIFTY GIRLS IN HOSPITAL AIR RAID

[Associated Press Cable from London, July 10, 1918.]

In a recent German raid on the Belgians more than fifty girls were killed by air bombs launched upon an ambulance park at La Panne, behind the Yser front. According to a special despatch from The Hague, fifty bombs were dropped in the immediate neighborhood of the park, and several struck a large villa about 100 yards from the hospital.

Of the many girls in the villa engaged in making bandages and repairing linen for the wounded thirty were killed instantly or died from injuries within a few minutes. Forty injured were removed from the villa, of whom twenty-four died later.

SINKING OF A CANADIAN HOSPITAL SHIP

[Special cable to Philadelphia "Public Ledger," from London, July 1, 1918.]

There is distinct evidence that the sinking by an enemy submarine of the British hospital ship *Llandovery Castle*, announced today by the Admiralty, was one of the wickedest efforts of the German "spurious versenkt" policy in the whole war.

After learning what kind of a ship he had sunk the submarine commander deliberately circled about, ramming the wreckage and also probably boats containing survivors.

At first he had pretended the vessel was carrying American airmen. Then when the boilers exploded he pretended to believe it was ammunition which had exploded.

The survivors heard the submarine's guns, although there was nothing left to shell except boatloads of survivors. As a consequence only twenty-four out of the 258 persons aboard are believed to have been saved.

The Admiralty issued this evening the following comment on the sinking:

Germany's awful debt to the world continues to grow. Another hospital ship has been torpedoed, this time 116 miles from the nearest land, and her people turned adrift in their boats to sink or swim as they best might. And though, as it happened, she was a Canadian hospital ship returning from Halifax with no wounded on board, the tale of crime reveals a wanton deliberation on the part of the submarine commander and almost suggests the hope on his part that he would find her full of injured and helpless men.

The Admiralty announcement of the attack on the hospital ship follows:

About 10:30 o'clock on June 27, 116 miles southwest of Fastnet, the hospital ship *Llandovery Castle* was torpedoed by an enemy submarine and sank in about ten minutes. She was homeward bound from Canada, and, therefore, there were no sick or wounded on board, but her crew consisted of 164 officers and men and she carried eighty Canadian army medicals and fourteen female nurses.

Of this total of 258 only one boat containing twenty-four survivors has so far reached port. Search is still being made and there is a bare possibility that others may be found.

It is to be noted that in this, as indeed in all other instances, the German submarine had a perfect right to stop and search the hospital ship under The Hague convention, but she preferred to torpedo the *Llandovery Castle*.

MURDERERS OF CHILDREN

[From an Address by Hon. Will H. Hays, Chairman Republican National Committee, New York, June 5, 1918.]

Hugh Knyvett, as I remember, was a Captain in the Fifteenth Australian Infantry. He had been three years on three different fronts—Gallipoli, Egypt and France; he had been wounded and had been home in Australia trying to get well, and was on his way back to the front when he was lecturing at different parts of the country, and later died here in New York just before he was ready to sail, dying from his wounds.

In Indianapolis, he said to me that in French territory, which had been captured

by the Germans and recaptured by the French, he stopped to get a drink of water at a French peasant woman's house; he said he could tell from the look on her face that she had been in trouble, and he said to her, "Madam, the Huns have been here," and she said, "Yes, Captain, they have. Do you see that spot on the floor?" "I do," said Captain Knyvett. Knyvett said he knew the spot was blood and he said, "Yes, Madam, it is blood," and she said, "That is where a German soldier stamped the head off of my twelve months' old baby!"

Following the relating of this statement to me by Knyvett, I said, "What are we fighting for? By the Eternals, we are fighting so that that kind of thing cannot longer go on in this world."



Growth in the Use of Trade Acceptances

FROM the report of the committee on trade acceptances, made to the recent convention of the Reserve City Bankers Association, the following information is gained:

Between November 20, 1917, and March 4 of the present year, acceptance liabilities of the national banks increased from \$153,645,000 to \$230,164,000, about fifty per cent. For a slightly shorter period the trust companies in Greater New York report an increase in their acceptance liabilities from \$98,268,000 to \$104,920,000, less than seven per cent.

Acceptances held by Federal Reserve Banks on dates nearest the time of the Comptroller's calls likewise show a substantial increase from \$209,900,000 on November 23, 1917, to \$317,900,000 on March 8 of the present year. Since then these holdings have slightly decreased, the total for April 26 being \$302,400,000.

Nov. 20, 1917. Mch. 4, 1918.

All national banks..	\$153,645,000	\$230,164,000
Trust Companies in		
Greater New York	98,268,000	104,920,000
State banks in		
Greater New York	5,788,000	7,345,000
Trust companies and		
State banks in		
Boston	17,604,000	18,673,000
St. Louis	1,867,000	5,122,000
Baltimore	70,000	470,000
State of Ohio..	.....	281,000
State of Cal-		
ifornia	551,000	951,000
State of New		
Jersey .....	.....	293,000

The acceptance liabilities of other American banking institutions in leading cities and certain states at the time of two recent calls made by the Comptroller of Currency are as shown herewith.

In the Fourth Annual Report of the Federal Reserve Board it is shown that from the commencement of the Federal Reserve system up to the 31st of December, 1917, ninety banks were given authority by the Federal Reserve Board to accept bills of exchange up to 100 per cent. of their capital and surplus, thus evidencing the fact that this number of banks was sufficiently interested in the acceptance business to make application for this privilege.

To give some indication of the growth of the acceptance market, this report also states that in 1915 the Federal Reserve banks had bought in the open market acceptances to the amount of \$64,000,000, in 1916, \$386,000,000, and in 1917 these figures were increased to a little over \$1,000,000,000.

On the other hand, commercial paper discounted for member banks and other Federal Reserve banks shows the following large increase:

1915	\$161,000,000
1916	207,000,000
1917	9,000,000,000

It should be borne in mind, however, that notwithstanding the disparity those figures show between acceptances purchased and commercial paper rediscounted by Federal Reserve banks, there is a great deal of encouragement to be derived from the normal and healthy growth shown by the figures on bankers' acceptances.

Interest Accrued Receivable and Unearned Discount

By HOWARD M. JEFFERSON, Auditor Federal Reserve Bank,
New York

(Continued from July Number)

THE DAILY STATEMENT

NOW let us see what we have accomplished. Let us not forget that we are incorrect in calling the set of figures presented each morning by the general bookkeeper, The Daily Statement. A statement of condition, and that is what the term "statement" means, should not include current earnings and current expenses. It would not, if presented in the best of form, show real estate owned on one side and reserve for depreciation of real estate on the other, but would show the reserve for depreciation as a deduction from the real estate. The figures presented by the general bookkeeper should be called a Trial Balance of the General Ledger, but we wouldn't get the book if we touched the buzzer and called for it in that way, so we will stick to the term Daily Statement.

The ordinary daily statement shows the following:

LOANS

- Demand Loans
- Time Loans
- Bills Discounted

INVESTMENTS

- U. S. Bonds
- Other Bonds
- Real Estate

CURRENT EXPENSE

DUE FROM BANKS AND CASH ITEMS

RESERVES

TOTAL RESOURCES

CAPITAL FUNDS

- Capital
- Surplus
- Undivided Profits

EARNINGS

- Discount
- Interest
- Exchange
- Sundry Profits

DEPOSITS

- Banks
- Individuals
- Certified Checks
- Cashier's Checks
- TOTAL LIABILITIES

This is elaborated upon, sometimes in great detail, frequently without regard to the natural grouping of the accounts, but the general principles are the same in practically every banking institution in the country. The resource side shows loans, investments, current expense, due from banks and cash items and reserves. The liability side shows, capital funds, earnings and deposits. Many banks insert a section between earnings and deposits for reserves and other suspense accounts.

If accounts are set up in accordance with the foregoing pages, the reserve section on the liability side will be active and a new section will be needed on the resource side for suspended items such as Interest Accrued Receivable, the offset to the daily credits to earnings. If the entire programme is carried out

as set forth the daily statement will appear as follows:

RESOURCES

LOANS

Demand Loans
Time Loans
Bills Discounted

INVESTMENTS

U. S. Bonds
Other Bonds
Real Estate

SUSPENDED ITEMS

Interest Accrued Receivable
Rents Receivable
Accrued Interest Payable
Expenses Paid in Advance

CURRENT EXPENSE

DUE FROM BANKS AND CASH ITEMS

RESERVES

TOTAL RESOURCES

LIABILITIES

CAPITAL FUNDS

Capital
Surplus
Undivided Profits

EARNINGS

Discount Earned
Interest Earned Loans
Interest Earned Investments
Rents Earned
Exchange
Sundry Profits

SUSPENSE ACCOUNTS

Unearned Discount
Reserve for Interest Accrued
Provision for Disbursements

DEPOSITS

Banks
Individuals
Certified Checks
Cashier's Checks, etc.

TOTAL LIABILITIES

It needs only a little imagination to see that some interesting comparative figures may be taken from the figures

we have been studying. Let us prepare another sheet showing the total loans in one column and in an adjoining column, the interest earned and next to that the average rate earned, carried out five or six places. Let us set up other sets of columns showing total investments, the interest earned and the rate. Let us do the same for discounts, etc. Let us then set down the amount of deposits, the estimated amount of interest payable and the rate. Let us add, also, columns for each of the expense reserve accounts established. Then let us assemble the earnings into one column and the expenses into another and show the net gain or loss in an adjoining column. Let us write all of these figures on the first line across a sheet for the first day of the month and those for the second day on the second line, and so on throughout the month. When we get a full year let us compare this month with last month and with the same month last year. Let us compare year to date with year to date.

Let us suppose that the bank president has such a statement on his desk each day showing regular and normal changes accruing gradually to the fateful June thirtieth and December thirty-first. What an improvement that would be over the figures that actually work out from the old method of taking discount into earnings when received and entering expenses when the bills are paid regardless of the period covered!

What an improvement it would be to know exactly where the bank stands every morning in its actual surplus as well as in the volume of its deposits, loan, investments, due from banks, and cash!

One enthusiast for daily analysis in other lines of business has termed the process of daily accruals "The Science of Economy." He argues that if all concerns knew from day to day just how their earning and expense accounts were progressing they would not be so enthusiastic about the success of their enterprises. There would be no failures, he says, because every business man would know exactly where he

stands at all times and would liquidate before crash. This would save countless losses and the banks would be happy ever after.

Bank accounting is a simple process. Most of the general figures are demanded daily. Why not go a step further and make them tell the truth?



Federal Reserve Board Opposes Guaranty of Deposits

OPPPOSITION to the guaranty of bank deposits is expressed in the resolutions printed below, which were adopted on June 25, and made public July 11:

Whereas, It is important that nothing should impede the unification of the banking system of the country under the Federal Reserve Act, to which the President called attention in his statement of October 13, 1917:

"The Federal Reserve Act is the only constructive financial legislation which we have ever had which was broad enough to accommodate at the same time banks operating under powers granted by the general government and banks whose charters are granted by the respective States. The unification of our banking system and the complete mobilization of reserves are among the fundamental principles of the act."

Whereas, Such unification is threatened by the proposed plan for the guaranty of deposits in national banks:

(1) Because it would tend to stimulate a spirit of competition and antagonism between State bank systems and the national banking system;

(2) Because of the difficulty and embarrassing situation in which such state banks, which, owing either to insufficient capitalization or to existing contractual or trust obligations, could not convert into national banks would be placed;

(3) Because of the agitation which would be produced in many States to secure local legislation for the guaranty of deposits in state banks, thus destroying the harmony now happily developing and almost established between state and national bank systems, as evidenced by the increasing number of state member banks in the Federal Reserve System and the cordial co-operation which many States are giving to the policy of the Federal Reserve Board in seeking to bring about a unification of the American banking system under the Federal Reserve Act.

Whereas, There is no sufficient evidence to establish that there are great sums of currency and specie now in hiding which would be drawn out and deposited in national banks were such deposits guaran-

teed beyond what is already being accomplished by the postal savings system and the war savings stamp associations;

Whereas, In the judgment of the board no plan of insurance, either applied to bank deposits or to any other form of credit or property, is sound or can long be successfully maintained where a uniform premium is assessed upon all participants, good or bad alike, or equitable unless the insurance privilege be extended to all member banks at their election;

Whereas, The extension of the principle of insurance to bank deposits raises large and most difficult questions of general governmental policy, which ought to be decided only after the most mature consideration;

Whereas, The Government could not safely and wisely undertake the guaranty of bank deposits without exercising a degree of control over banking loans and investments, which would, in effect, amount to the Government guaranty of such loans and investments, and thus bring banking credit under the complete control of the Government;

Whereas, The hardships now suffered by depositors of insolvent banks could be materially lessened by the establishment of a fund for the prompt liquidation of the valuable assets of failed banks; therefore,

Be it resolved, That the board deprecates the injection into the banking situation at this time of the bitterly controverted question of guaranty of bank deposits as prejudicial to the development of the Federal Reserve System and as menacing to the successful financial conduct of the war, because of the agitation of mind produced in the business and banking community;

Be it further resolved, That it is the judgment of the board that a fund, under the administration of the Federal Reserve Banks, might well be set up to provide and insure immediate determination of the value of the asset of failed member banks of the Federal Reserve System and an immediate distribution of the estimated value of such assets among depositors, pending their final liquidation; this to the end that the hardship and injury now sustained by depositors of failed banks, because of the delays to which they are subjected in receiving their pro rata of the assets of failed banks, may be reduced to a minimum.

Banking and Commercial Law

CASE COMMENT AND REVIEW

The Right to Charge Back Items

ONE of the most common of banking practices is the charging back of unpaid checks to the account to which they were credited. It is also a common cause of litigation. This right to charge back is based on the legal relationship which exists between the bank and the depositor. This right may be expressed or implied. It may be plainly stated on the contract of deposit or exist independent thereof.

In some banks it is specifically stated on the deposit slip or in the pass-book that checks are received subject to payment and the right to charge back is clear. In fact, it would be safer to have this as a condition of each deposit, and printed on all deposit slips, for if all payments are to be held back until items are paid, it will work hardship to the depositor, although operate to the advantage of the bank.

It is a well understood principle of law that the deposit of a check or draft, against which the depositor may draw, has the effect of transferring title. The rule is based upon the reason that the item is received as cash, which becomes the property of the bank at once. It is a sale. The banker has become absolutely responsible to the depositor. With such a relationship existing, the bank, in case of dishonor of the instrument possesses no right to charge it back. Its sole recourse is to hold the depositor on his endorsement. The deposit of money to his credit in a drawing account, without more, creates the relationship of debtor and creditor, not of principal and agent. The money becomes the bank's own. The matter may be regulated by statute, or there may

be general usages in the community or in the profession that colors the transaction. Such notice may be as above indicated, in the pass-book or on the deposit ticket. And a bank may credit cash as cash and other paper as "collections" to designate the distinction between the two kinds of deposits. But if the bank wishes to take advantage of this rule of law, it must put itself in position to show its contractual relationship; otherwise it will be held as a purchaser of the paper, and must rely upon its right under indorsement. The words on the deposit slip will be read into the contract. If title passes into the bank it can have recourse only if the paper be dishonored; but if it receives it as agent, it assumes no liability until the funds are actually received. For a very clear statement of this phase of banking law see *First National Bank vs. Stengel* in this issue.



Directors Must Direct

When a man assumes a directorship in a banking institution, he must direct. Even though he be a busy man or absent from home, he cannot dodge his responsibility. He must accept the responsibility with the honors. This has long been a principle of directorship, and affirmed by the courts for many years. It may, at times, work hardship upon innocent men, but in the last analysis it protects the public. It is, in a sense, a policy measure.

In one of the early New York cases (*Hun vs. Cary*), it was held that such officials should be held to the exercise of the same degree of diligence that men prompted by self interest would

exercise in their own affairs. They should know of and give directions to the general affairs of the institution. They should know of the loans, the hazards assumed, the keeping of the law. No custom can make a directorship a mere position of honor and void of responsibility. A name cannot be loaned as a substitute for care and attention. The personnel of a bank may give confidence and invite business. It must also afford protection. The other directors may agree that, for the prestige of a name, they will relieve the donor thereof from active duty, but they can make no such legal bargain.

What a director must do in exercising the care that the law requires depends upon the facts. Care is a relative term. What would be construed as care in a well managed concern would be gross inattention in a loosely managed one. Where suspicion exists, let care manifest itself. If in a bad crowd get out, or get them out. The law knows no distinction between persons, and does not accept slipshod excuses. If one assumes to direct, let him direct, thereby protecting both himself and those who, seeing his name, trust it. See *Kavanaugh vs. Gould* in this issue for a well written treatise on this subject, with a few side lights on high finance as high finance goes in financial circles before the crash.

"sale," and transfers title to the bank, and the bank possesses no right to charge the depositor's account with the amount in case of default, but may only hold the depositor on his indorsement.

For a deposit of a draft or check to constitute a sale, transferring the title, the deposit must be a naked deposit, and the credit given must be unconditional and unrestricted, and without any special understanding or general usage of business obtaining in the locality which might color the transaction.

Where a bank's deposit slips bore a notice that checks and drafts on other banks were credited subject to payment, some of its outstanding passbooks contained notices that it merely acted as agent for collection, and it was clear that it reserved the right to charge back the amount of dishonored drafts, and a depositor of a particular draft received no different treatment from any other depositor, and there was no special agreement, the bank did not purchase the draft, but took it as an agent for collection, and had no title to the draft or accompanying bill of lading, and the fact that the draft was drawn on a private person, and not on a bank, instead of changing the rule, strengthened the presumption against ownership in the bank.

A bank which merely gave a bookkeeping credit for a draft accompanied by a bill of lading, subject to cancellation if the draft was not paid, and who received notice of an attachment of the draft and the shipment represented by the bill of lading, and knew that the draft would not be paid at a time when the depositor's account was sufficient to have charged back the amount of the draft, was not a bona fide holder of the draft or bill of lading.

Action by the First National Bank of Blanchester against Edward Stengel. Judgment for defendant.

Leading Cases

Deposits

NEW YORK

Title and Rights of Bank—Sale—Collections—Poor Bank Notices—Right to Charge Back.

Supreme Court, Trial Term, Erie Co., January, 1918.

FIRST NATIONAL BANK OF BLANCHESTER VS. STENGEL

The deposit of a draft or check in the ordinary course of business, the depositor receiving a credit against which he can draw, is a

STATEMENT OF FACT AND OPINION

Marcus, J. This is an action in conversion. The plaintiff is a national bank located at Blanchester, Ohio. The defendant, at the time the action was brought, was the sheriff of Erie county. Briefly stated, the facts are as follows:

On February 22, 1917, Dewey Bros. Company, a corporation located at Blanchester, Ohio, shipped a carload of distiller's grain from Owensboro, Ky., to Springville, N. Y. An order bill of lading was issued by the carrier on that day, showing that the carload of grain was consigned to Dewey Bros. Company at Springville, N. Y.; the bill

of lading being indorsed, "Notify J. H. Gray Milling Company." Dewey Bros. Company indorsed the bill of lading in blank, attached thereto a draft for \$773.20, drawn on the J. H. Gray Milling Company, and forwarded the draft and bill of lading to the Citizens' National Bank of Springville N. Y., for collection. On the 28th day of March, 1917, in an action brought in the Supreme Court, in which one Harry S. Gray was plaintiff and Dewey Bros. Company was defendant, an attachment was issued and delivered to Edward Stengel, the defendant, who was then sheriff of Erie county. Upon the same day the sheriff, under the warrant of attachment, took possession of the carload of grain, but did not take into his possession the bill of lading, then in the possession of the Citizens National Bank of Springville, N. Y. Following the attachment by the sheriff, Dewey Bros. Company, the consignor, was notified by some means of the fact, and it thereupon recalled the draft and bill of lading, and on the 31st day of March it removed the original draft from the bill of lading, made out a new draft for the same amount, dated on that day, attached it to the bill of lading, and together with numerous other items, aggregating in excess of \$6,000, deposited with the plaintiff bank. The deposit slips of the bank, furnished by it to its depositors, contained on the bottom thereof this indorsement, "Checks and drafts on other banks credited subject to payment." No conversation was had between the depositor and the cashier of the bank, who received the deposit. The testimony of the cashier is that the bank reserved the right to charge back to the depositor any checks or drafts which were dishonored when presented for payment; that it had no special agreement with the Dewey Bros. Company changing this custom. It also appears that the bank had outstanding pass-books in which it is stated that the bank received checks and drafts on other banks for collection only.

After the deposit was made by the Dewey Bros. Company on March 31st,

the bank forwarded the draft with the bill of lading attached to the Citizens National Bank of Springville for collection. The draft and bill of lading had apparently arrived at Springville on April 2d, for on that day an order was made by the Supreme Court of Erie county, amending the original warrant of attachment *nunc pro tunc*. This order, among other things, commanded the sheriff of Erie county to attach and safely keep the bill of lading in question, which was done on April 2d. On April 4, 1917, the plaintiff bank received actual notice from the sheriff of Erie county that the carload of grain, as well as the bill of lading, had been attached. After the deposit was made by Dewey Bros. Company on March 31st, their balance on the books of the bank was in excess of \$20,000, and their balance down to and including the 9th day of April was in excess of \$17,000.

The plaintiff must succeed, if at all, in this action, upon the title which it acquired, if any, through the alleged purchase at the time of the deposit of the draft in question. The defendant, by appropriate allegations in his answer, questions this title, and alleges that the plaintiff is not the real party in interest, for the reason that the draft in question was received by it for collection only.

It is a well-understood rule of law that a deposit of a draft or check in the ordinary course of business, the depositor receiving a credit against which he can draw, has the effect of transferring title. The rule is based upon the reason that the check or draft is deposited and received by the bank as so much cash, which immediately becomes the property of the bank. The transaction is a sale. The banker has become absolutely responsible to the depositor. With such a relation existing, the bank, in case of the dishonor of a deposited check or draft, possesses no right to charge back the depositor's account with the amount of the dishonored check or draft. Its sole recourse is to hold the depositor to his liability upon his contract of indorsement. In

order for the rule to apply, the deposit must be a naked deposit, and the credit given must be unconditional and unrestricted, and without any special understanding or general usage of business obtaining in the locality which might color the transaction. A clear statement of the rule is given in the leading case of *Taft vs. Quinsigamond National Bank*, 172 Mass. 363, often quoted with approval by the courts of this state (*Commonwealth vs. Cooper*, 219 N. Y.). In that case the court says:

"The deposit of money by a customer to his credit in a drawing account, without more, creates between the bank and the customer the relation of 'debtor and creditor, not of agent and principal.' * * * So when, without more, a bank receives upon deposit a check indorsed without restriction, and gives credit for it to the depositor as cash in a drawing account, the form of the transaction is consistent with and indicates a sale, in which, as with money so deposited, the check becomes the absolute property of the banker. The matter may be regulated by statute, as in the state of New York, or there may be general usages of business obtaining in the locality which color the transaction. So a bank, by general notices printed on its pass-books or deposit slips, or otherwise brought to the knowledge of its depositor or by agreement with the particular depositor as to his own deposits, or by crediting negotiable paper as paper, and not as cash, or by a particular contract in any special instance, may define its position as that of agent or purchaser. Usually the cases in which a bank is held to have been only an agent for collection have as a controlling element evidence of usage, or notice, or particular agreement. In the present case there was no evidence of usage or custom, nor was it shown that the defendant informed its customers by notices upon its pass-books or deposit slips, or otherwise, that it accepted deposits of commercial paper only as an agent for collection. Nor was it shown either that such was its

general arrangement with the plaintiff, or that he understood that it was the arrangement ordinarily made by defendant with its depositors."

In determining whether a bank, by the acceptance of a deposit of a check or draft, has become an absolute purchaser, or only an agent for collection, reference is to be had to the intention of the parties, as evidenced by the facts and circumstances surrounding the deposit. The intention is a question of fact. *St. Louis R. Co. vs. Johnston*, 133 U. S. 566; *In re Jarmulowsky* (D. C.) 243 Fed. 632. Notice was printed upon the deposit slip forming a portion of the contract in *King vs. Bowling Green Trust Co.*, 145 App. Div. 398, where the court says:

"The words on the deposit slip must be read into the contract. If title had once passed to the California Safe Deposit & Trust Company, it would have recourse to the depositor only in case the paper was dishonored, but by its contract, it assumed no responsibility until it had received actual funds or solvent credit. Up to that time it was, then, merely the agent of the depositor."

In the present case a deposit was made of a draft of \$773.20 as one item of a deposit exceeding \$6,000. The deposit slips had printed at the bottom thereof, "Checks and drafts on other banks credited subject to payment." Here is a clear notice from the bank to its depositors of the reservation by the bank of the right to charge back the depositor's account with the amount of any dishonored checks or drafts. It is inconsistent with the theory of absolute ownership on the part of the bank. The credit given is conditional in character, in anticipation of collection. It is not the absolute credit given in the case of a purchase, but a mere bookkeeping credit for convenience. If the depositor is permitted to draw it, it is not a right on its part, but a mere favor extended by the bank. The relation existing between the bank and the depositor is not debtor and creditor, but agent and principal. In order to

establish the relation of debtor and creditor by purchase, the credit must be absolute and unconditional. *St. Louis R. Co. vs. Johnston*, *supra*; *Burton vs. U. S.*, 196 U. S. 283; *King vs. Bowling Green Trust Co.*, *supra*.

In *St. Louis R. Co. vs. Johnston*, the court says (133 U. S. at pages 575, 576, 10 Sup. Ct. 392, 33 L. Ed. 683):

"If there be no bargain that the property should be changed, the relation resembles that of principal and agent. Merely liberty to draw does not make out such a bargain. * * * The question was one of fact rather than of law, and we think there should be something more in the evidence tending to establish that the San Francisco Company understood that the bank had become owner of the paper than these mere credits for convenience, before that can be held to be the fact, notwithstanding it may be a recognized usage to allow a customer to draw."

In *Re Jarmulowsky*, the court says (243 Fed. at page 633):

"The bank's right, however, depends upon the depositor's immediate and unconditional right, and not merely as a favor, to draw upon the deposit, and if it appears that the depositor did not have such right until collection the bank does not become the owner."

In *Implement Co. vs. Bank*, where the deposit was made under conditions somewhat similar to the present case, the court says (128 Tenn. at page 323):

"The question for decision is whether the Mercantile National Bank became the absolute owner of the draft, or whether the draft was received by it only for collection. This is to be determined by the * * * parties, as evidenced by their acts. We are of the opinion that the agreement to charge back in case the paper should be returned is a controlling consideration. It is irreconcilable with absolute ownership on the part of the bank. An agreement in advance to charge back on failure of collection imports necessarily

only a limited ownership, as in the case of a bailment. Under the most extreme view, the drawing of the draft in favor of the bank, under the facts stated, could amount only to an agreement for a conditional sale of the paper; that is, that the property should belong to the bank in case collection should be made, but in case it should not be made then the paper should revert to the drawer. At last this would be but an indirect way of stating a collection contract, when considered in connection with the deposit of the face amount of the draft, and the right accorded by the bank to check on the deposit."

In *Cotton Mills vs. Weil*, the court says (129 N. C. at page 456):

"Now, then, it seems clear to us, from the evidence, the intervener did not pay anything of value for the draft with bill of lading attached, and did not become the owner of the same. Its possession was that of an agent to collect, and, when the draft was returned, the credit originally entered was canceled by charging it back, thus placing the parties in the same position that they originally occupied; and Weil Bros. then had a right to demand and maintain an action against the bank for the bill of lading and return of its draft."

Plaintiff relies upon *Metropolitan National Bank vs. Loyd*, 90 N. Y. 532. That case expresses the same rules of law as laid down herein. There was no evidence, however, in that case, from which it could be found that the check was taken for collection. The deposit slip is set forth at page 536. It contains no notice of reservation of any kind. In the case reported below (25 Hun, 101, at page 102) the court calls attention to this fact.

The notice upon the deposit ticket in this case is but one of many facts in evidence upon which to hold that plaintiff received the deposit, not as a purchaser, but as an agent for collection. The evidence is clear that in all cases the plaintiff reserved the right to charge back the customer's account with dishonored drafts. It was the way in

which he did business, its general usage. This particular depositor received no different treatment from any other depositor; there was no special agreement as to its deposits in general, or as to this particular draft. No conversation of any kind was had at the time of the deposit. Various forms of pass-books were issued by plaintiff, some of which contained printed notices that plaintiff merely acted as agent for collection. These and other facts impel me to hold that the plaintiff did not purchase the draft, but took the same as an agent for collection, and therefore it has no title to the draft or bill of lading deposited therewith.

The plaintiff is not a bona fide holder of the draft or bill of lading, as it merely gave a bookkeeping credit therefor, subject to cancellation if the draft was not paid. It received notice of the attachment, and knew the draft would not be paid at a time when the depositor's account was sufficient to have charged back the amount of the draft. *Citizens National Bank vs. Cowles*, 180 N. Y. 346.

Counsel for plaintiff suggests that the notice upon the deposit slips refers only to bank checks or drafts, whereas the draft in question was drawn upon a private person. The fact that the draft in question was drawn on the J. H. Gray Milling Company does not, in my opinion, vary or modify the condition upon which the bank received the deposit. If it has any effect, it is rather to strengthen the presumption against ownership in the bank, as the draft in question still required the acceptance of the drawee before payment of it could be obtained.

Let findings be prepared accordingly.
169 N. Y. Supp.



Directors

NEW YORK

Negligence—Duties of Directors— Trust Companies

New York Court of Appeals, March 12, 1918.

KAVANAUGH VS. GOULD.

A director in a financial institution must exercise the same degree of care that men

prompted by self-interest generally exercise in their own affairs, to know how the business is conducted, and to give direction to its affairs, and is not excused by the fact that he is a mere honorary director, and is not expected to give the business any attention, and is liable to stockholders for losses occasioned by neglect.

When by-laws are adopted by a trust company, they are as much the law of the corporation as if a part of the charter, and the directors must live up to them, especially in a new company.

Whether an honorary director of a financial institution would have known of irregularities in the management of the business if present at meetings, and whether losses were attributable to such failure, and whether he was negligent in not attending, *held* questions of fact to be decided from the evidence.

What a director of a financial institution must do in exercising reasonable care in the performance of his duties is dependent upon the facts; care being a relative term.

Action by Charles H. Kavanaugh, in behalf of himself and all other stockholders of the Commonwealth Trust Company of New York (formerly the Trust Company of the Republic), who are situated similarly with himself, against George J. Gould, impleaded with the Commonwealth Trust Company and others. From a judgment of the Appellate Division, Third Department (169 App. Div. 905), affirming a judgment of the Special Term, dismissing the complaint upon the merits, the plaintiff appeals. Judgment of Appellate Division reversed, and new trial ordered.

STATEMENT OF FACT AND OPINION

Crane, J. The defendant, a director of a trust company, has been sued to recover losses sustained by the company through his alleged neglect of duties. The courts below have decided in his favor. The sufficiency of the complaint was before us in 181 N. Y. 121. Although a new trial must be had as the trial court failed to pass upon the issues presented by the pleadings, yet, in order to present the matter clearly, a statement of the principal facts involved is necessary.

The Trust Company of the Republic, now the Commonwealth Trust Company, was organized under the Banking Law of the state of New York in

March of 1902 with a capital of \$1,000,000 and a surplus of \$500,000, fully paid. The respondent, George J. Gould, became a director and qualified April 3, 1902, when he filed his oath with the banking department. He resigned as such director October 29, 1902. Within that time the trust company suffered heavy losses from bad management. Gould never attended the meetings of the directors, nor acquainted himself with the business or methods of the trust company.

The law governing the duties of directors in financial institutions is well settled. They are summoned to the same degree of care and prudence that men prompted by self-interest generally exercise in their own affairs. *Hun vs. Cary*, 82 N. Y. 65; *Cassidy vs. Uhlmann*, 170 N. Y. 505; *Hanna vs. Lyon*, 179 N. Y. 107; *General Rubber Co. vs. Benedict*, 215 N. Y. 18; *Campbell vs. Watson*, 62 N. J. Eq. 396; *Warner vs. Penoyer*, 91 Fed. 587. They should know of and give direction to the general affairs of the institution and its business policy, and have a general knowledge of the manner in which the business is conducted, the character of the investments, and the employment of the resources. No custom or practice can make a directorship a mere position of honor void of responsibility, or cause a name to become a substitute for care and attention. The personnel of a directorate may give confidence and attract custom; it must also afford protection. By arrangement with Mr. Gould when he became a director, he was not expected to attend the meetings, or to take active part in the affairs of the company.

Upon the organization of the Trust Company of the Republic, Daniel Le Roy Dresser was elected president. He had been a very successful business man, stood well in the community, but was never a banker. He had never served as a director of a bank.

The by-laws adopted by the stockholders made provision for a board of directors of 25 and an executive committee consisting of the president and six other directors elected by the

board. The executive committee had the powers of the board when the latter was not in session. For all investments in stocks, bonds, mortgages, and personal securities the assent of the executive committee was necessary. The president, however, might be authorized by the executive committee to make investments in such securities without previously consulting it as to details, but all such transactions were to be reported at its next meeting. Tuesday of every week, at the main office of the company, was the meeting time for the executive committee. The directors were required to meet at the same place on the third Tuesday of every month. Regular minutes of the executive committee meetings were to be kept and read at the monthly meetings of the board. They were always to be open to any director. The president was also required to report the finances, affairs, and business of the company at the board meetings. Copies of the by-laws were given to each director; their sufficiency to properly regulate and control the affairs of the company was yet to be tested by experience. Dresser, the president, said:

"The by-laws were preliminary and experimental, and we were trying to feel our way and find out what was really best. They were permanent to the extent of being printed and distributed to the directors."

It was important, especially in a new company, that such by-laws as it did have should be complied with. When a by-law is adopted, it is as much the law of the corporation as if its provisions had been a part of the charter. *Kent vs. Quicksilver Mining Co.*, 78 N. Y. 159; *Hun vs. Cary*, 82 N. Y. 65. During the period in question, meetings of the board of directors were held on March 27th, April 15th, May 13th, June 17th, July 22d, September 16th, and October 21st. The meeting which should have been held on August 19, 1902, was passed. There was no meeting of the executive committee from the 22d day of July until the 9th of September.

Books were kept in which were recorded loans of various kinds and which were taken into the executive committee and board meetings, and were always open for inspection. The minutes of the executive committee, however, failed to show any loans reported to it or the nature of the securities taken for loans. The losses sustained by the trust company were largely due to its connection with the United States Shipbuilding Company. It invested so heavily in the bonds of this company as to bring ruin to the institution but for the timely interference, in October of 1902—six months after its organization—of several of its directors.

The United States Shipbuilding Company was a project to acquire the plants of the Union Iron Works, San Francisco, Cal.; the Bath Iron Works, Limited, and the Hyde Windlass Company, Bath, Me.; the Crescent Shipyard and the Samuel L. Moore & Sons Company, Elizabeth, N. J.; the Harlan & Hollingsworth Company, Wilmington, Del.; and the Canda Manufacturing Company, Cartaret, N. J. The plan was to combine these plants and bring them into a single company, and it was proposed that such new company should issue \$16,000,000 of 5 per cent. gold bonds, secured by the consolidated properties, of which \$9,000,000 should be offered to public subscription at not less than 95 per cent. In addition it was proposed that \$10,000,000 6 per cent. accumulative preferred and \$10,000,000 common stock should be issued. The prospectus of this proposition and organization was issued and circulated by the trust company in April of 1902. From this prospectus it appears that the Mercantile Trust Company was to be the trustee for the bonds, and the Trust Company of the Republic bankers and transfer agents. The underwriters agreed with the Mercantile Trust Company to pay \$900 for each \$1,000 bond subscribed for by them, 25 per cent. to be paid upon allotment, and the balance upon the demand of the Mercantile Trust Company. All of the \$9,000,000 required to organize and

float the shipbuilding company was not to be raised in this country; \$3,000,000 was to be underwritten in London, \$3,000,000 in Paris, and \$3,000,000 in New York.

The underwriting agreement provided that with the consent of the Mercantile Trust Company any other concern could be included in the combination. On June 14, 1902, the Trust Company of the Republic advertised the bonds of the United States Shipbuilding Company as provided for and offered the same for public subscription. Three or four days before the appearance of said advertisement, Dresser, the president of the trust company, and one Lewis Nixon had concluded an agreement to include in the combination the Bethlehem Steel Company, which was to be purchased for \$10,000,000 of the preferred and \$10,000,000 of the common stock of the shipbuilding company, to which was afterwards added \$5,000,000 of the common stock as the promotion expense, of which President Dresser was to get \$1,000,000, Mr. Nixon \$1,000,000, and the Trust Company of the Republic \$1,000,000.

As the following persons and corporations will be mentioned later, it may be well to state their relation to the case. John W. Young was the promoter of the United States Shipbuilding Company. Charles E. Reiss was a partner of Dresser in Dresser & Co., a mercantile establishment. A. H. Engel was an employee of Dresser & Co. The Narragansett Webbing Company and the American Tubing & Webbing company were largely owned by Daniel Le Roy Dresser, the president of the trust company.

Beginning with April, 1902, and continuing through May and June, the trust company, through its president, speculated in its own stock, the purchase and sale thereof being carried in an account headed "Advances." This account, kept in the general ledger of the company, showed 13 purchases in April, 13 in May, and 8 in June. The shares purchased were from 25 to 775, and the amount carried ran as high as

\$157,673.07. Transactions of this nature continued during every month up to the 13th of October. While there was no loss to the trust company upon these transactions, yet they were forbidden by law. Banking Law (Cons. Laws, c. 2) section 27, subdivision 8; 1 Birdseye, Cummings & Gilbert's Statutes, p. 327. No director with knowledge of these transactions should have permitted their continuance. An act does not cease to be illegal because it is profitable. On April 30, 1902, the trust company loaned the Narragansett Webbing Company \$50,000 upon its note indorsed by G. M. Thurlow. This company, as already stated, was largely owned by Daniel Le Roy Dresser, the president of the trust company. On June 23, 1902, a loan was made to John W. Young, the promoter, for \$700 on his note secured by stock of a company not yet organized, and on the following day he got \$5,000 more on his note secured by an order on Lewis Nixon for bonds of the United States Shipbuilding Company. On June 26, 1902, \$50,000 was loaned to Charles E. Reiss, the partner of President Dresser. The collateral for this loan was \$100,000 shipbuilding bonds and stock. A little later A. H. Engel, an employee of Dresser & Co., was accepted by the trust company as debtor in place of Reiss.

On June 30, 1902, the trust company loaned to Etting and Petersen \$800,000 secured by \$500,000 of bonds of the shipbuilding company. This was in direct violation of section 25 of the Banking Law, which prohibited any loans on negotiable paper exceeding one-half of the actual paid-in capital stock and surplus of the company. While no loss occurred upon this loan, yet the illegal nature of the transaction was some indication of the president's imprudence and daring. On June 30, 1902, \$100,000 was loaned to A. M. Kidder & Co., a copartnership of which Charles D. Marvin, a director of the trust company, and chairman of the executive committee, was a member. No resolution of the board of directors pursuant to section 27 of the Banking Law, subdivision 7, authorized or approved this

loan. On June 23, 1902, the trust company received from John W. Young, the promoter, an order upon Lewis Nixon to pay it for services rendered and to be rendered in the matter of the underwriting of the issue of \$9,000,000 of the bonds of the shipbuilding company, \$300,000 of the bonds of the company, \$800,000 preferred, and \$800,000 of the common stock of the same company.

The order also authorized the trust company to retain from any amount that should come from the underwriters of the bonds \$67,000 in cash, and that the trust company should receive from the proceeds of the sale of the Bethlehem Steel Company \$1,000,000 of common stock of the shipbuilding company. This order was accepted by Lewis Nixon, and on June 23d delivered to Dresser, the president of the trust company, who communicated the contents of the same shortly after the 23d of June to all of the directors of the trust company.

On the 12th of July the trust company loaned \$2,500 to John W. Young on his note dated June 24th, the proceeds of which were payable to him in Paris, and the security for which note was the same as that put up for the loan on June 24th. On July 21st another loan of \$50,000 was made by the trust company to Engel, the employee of Dresser & Co., on the collateral of \$100,000 shipbuilding bonds.

In the latter part of June the trust company, under the direction of the president, made two fictitious loans, one for \$75,000 on a note of A. M. Comacho, a clerk of Lewis Nixon, and another of \$70,000 on a note of J. M. Bonner, a clerk of the trust company. These loans were entered and carried upon the books of the trust company and were shown in its semi-annual report of July 1, 1902, to the banking department as good assets. They were taken and carried for the purpose of hiding the amounts paid the trust company by John W. Young for its services as underwriter. A directors' meeting of this trust company was held July 22, 1902. Either the minutes of the

executive committee showed these transactions or did not show them. In either case the result was the same. If it showed them, it was apparent the law had been violated; if it failed to show the loans and investments the by-laws had not been complied with. Dresser testified that all the loans were reported to the board of directors. He says:

"We had a book there which showed all our loans. It was there at all the meetings. It was all of the time loans at both offices that were reported at each meeting."

A jury might find that a director reasonably attentive to his company's affairs by July 22d should have had some knowledge of these transactions of the president. If Dresser's testimony be true, the directors present at the meetings knew of all or some of these loans and transactions. If the president made no report of the loans, and the minutes of the executive committee did not show them, the directors present at the meetings at least knew of such omissions. They did know all about the shipbuilding company, that it was in the process of formation and had not yet been organized or completed, that its securities were in the form of underwriting agreements for bonds to be issued, and that its success as a financial undertaking depended upon the amount of the subscriptions; they also knew that the trust company was to be paid a commission for underwriting or procuring the underwriting of the bonds. This court has held that the authority to buy and sell stocks and bonds does not authorize a trust company to indulge in hazardous promoting schemes, although it may hope from the successful launching of such schemes to make large commissions and receive large bonuses. *Gause vs. Commonwealth Trust Co.*, 196 N. Y. 134.

As all these matters, therefore, were known or should have been known to the directors present at the monthly meetings up to and including July 22, 1902, would they not also have been known to Mr. Gould if he had attended

the meetings or had been reasonably attentive to his duties as a director? This, we think, presents a question of fact. And if, as a director, he knew of these facts and circumstances, would he have been justified in permitting the president to continue in his course unchecked or further loans on the underwritings without supervision and control? It is frequently stated in the evidence that the trust company was not to become financially involved with the shipbuilding company. Marvin, a director, says that he was unwilling to agree to the trust company taking any interest in the underwriting, "as I thought we were a young company, and should pursue a very conservative course." And yet according to Director Wetmore's testimony no curb or check of any sort was placed upon Mr. Dresser's control of the company.

What a director must do in exercising reasonable care in the performance of his duties is always dependent upon the facts. Care is a relative term. This Trust Company of the Republic was of recent origin; its business had not become established or its methods fixed. Its president was a merchant with apparently no banking experience. Whether a director in exercising reasonable care would have left such an institution without some scrutiny of its initial investments or supervision of its loans, or without directing the nature of its business policy, is a question of fact for the trial court. The directors could, at least, have required the approval of the executive committee before money was advanced upon shipbuilding collateral. Yet the directors did nothing, and Dresser went his own way.

J. G. White & Co. and E. G. Bruckman had each subscribed to \$200,000 of the shipbuilding bonds. Dresser had made a secret agreement with them whereby the trust company was to advance 75 per cent. of the amount of their subscriptions and look to the bonds for payment, not to their notes. This arrangement was not known to the directors, and could not have been discovered from the books, but it did ap-

pear that, on July 24th the trust company loaned to J. G. White & Co. \$37,500 on its note, secured by shipbuilding bonds; on July 25th to E. G. Bruckman \$90,000, secured by his note and shipbuilding bonds; on August 1st, J. G. White & Co. \$33,750 again, secured by note and bonds of the shipbuilding company; and again on August 29th to J. G. White & Co., \$28,500, secured in like manner. Some check or restraint upon the president might have revealed the secret agreement and stayed the loans. There was no reason for these subscribers to keep it secret. These amounts were advanced to Bruckman and to White in response to calls made by the Mercantile Trust Company for payment upon their subscriptions. The moneys were not paid to them, but passed to the shipbuilding account. The daily deposits in the hands of the trust company amounted from \$1,000,000 to about \$2,000,000.

The shipbuilding deal was to be consummated on August 11th, at which time the properties of the various companies were to be taken over and paid for. On August 12th the Bethlehem Steel Company deal was to be carried through. As the time approached the money was not forthcoming. The underwriting had failed in London and in Paris, but the interests of the trust company in the shipbuilding venture were of such an extent that severe losses would ensue if the enterprise dropped through. On August 11th four loans were made by the trust company as follows: To A. Caldwell, president of the American Tubing & Webbing Company, a corporation controlled by Dresser, \$75,000; to Charles E. Reiss, heretofore mentioned, \$75,000; to G. M. Thurlow, treasurer of the American Tubing & Webbing Company, \$75,000, and to A. H. Engel, heretofore mentioned, \$6,000—total \$231,000. The notes taken for these loans were upon regular printed forms of collateral note in use by the trust company, but no collateral was expressed. Upon the envelopes containing them, however, appeared "150 M. U. S. Ship Building 5's, 375 common,

375 preferred, 50 per cent paid." These four men were accommodation makers for the trust company—"nominees of the trust company." The amount of \$231,000 was passed to the shipbuilding account. On the same day the trust company, under the direction of Dresser, made a loan to Lewis Nixon of \$700,000 with a collateral of \$900,000 of the shipbuilding company's bonds and stock; and on the next day, August 12th, made a similar loan of \$1,922,187.50, and in the first week of September loans were obtained from various banks upon the guarantee of the trust company, again by Dresser, which loans passed into the shipbuilding account, making a total of loans and guarantees of the Trust Company of the Republic made for the benefit of the United States Shipbuilding Company of over \$4,100,000. Thus, inside of six months, the entire capital, surplus, and deposits of the trust company were turned into a promotion scheme.

When, in October, W. A. Bailey and Wheeler & Jones were called upon to pay their subscriptions, \$12,000 was loaned to each of these parties to meet their obligations. The security was shipbuilding bonds. Through an investigation conducted by some of the directors in late September, all these facts were revealed and the Sheldon syndicate formed, whereby the company was relieved of its principal bond holdings and its ruin prevented. But some of the loans were not thus provided for, and losses occurred. Upon a reorganization of the shipbuilding company, the details of which need not be stated, the bonds held as collateral by the trust company were worth but \$176 each. The loans to White & Co., E. G. Bruckman, A. Caldwell, C. E. Reiss, August 11th, G. M. Thurlow, August 11th, A. H. Engel, August 11th, W. A. Bailey and Wheeler & Jones were almost a complete loss.

We do not say as matter of law that the defendant Gould was negligent, or that his negligence caused the above losses, but we do say that it is a question of fact whether, as a director, he

should have known, by the July 22d meeting, something of the company's affairs and the transactions and methods of its president, and whether, upon the evidence and under the conditions above stated, he should have, in the exercise of reasonable care, done something to prevent the continuance of such methods and further loans on ship-building bonds without a check or supervision. It is also a question of fact whether the above losses may not be attributed to such inattention. People vs. Equitable Life Assurance Society of U. S., 124 App. Div. 714. On September 25th the president took \$35,000 in cash from the company. This was without authority. That the president at such a time in the company's affairs could take such a large sum of money for his own purposes without procuring the authority or direction of the executive committee or the board of directors or the consent of any other officer, in the opinion of some of my associates, classes this loss with those above mentioned. That is, a similar question is presented as to whether or not a reasonable attention to the affairs of the company would not have required such methods as to prevent a loss of this kind.

The defendant Gould testified that he never went near the trust company, knew nothing of its affairs, gave no attention to its business, took no action except to resign. There is, therefore, evidence of his neglect, and evidence that his neglect may have resulted in the losses specified, which required the trial court to determine these matters. As the case now comes before us, there have been no findings whatever upon

these cardinal issues of the case. The questions litigated upon the trial were two; the defendant's neglect, and the losses attributable thereto. In making his decision, the trial judge found the facts of the transactions, but failed to make any finding upon these two questions. There is no finding of neglect, neither is there a finding that there was no neglect; likewise, there is no finding that the losses were not due to Mr. Gould's neglect. It is true that the trial court refused a request to find that Gould was negligent, and that losses resulted therefrom, but this is not a finding that he was not negligent, or that losses did not result therefrom.

A refusal to find a fact requested is not equivalent to an affirmative finding to the contrary, and the failure of the trial court to find upon the issue raised by the pleadings and evidence given upon the trial is a mistrial. A judgment must be based upon facts found, not facts refused. *Morehouse vs. Brooklyn H. R. R. Co.*, 185 N. Y. 520; *Dougherty vs. Lion Fire Ins. Co.*, 183 N. Y. 302; *Alcock vs. Davitt*, 179 N. Y. 9.

In conclusion, therefore, we state that there was evidence in this case from which a finding might be made of Gould's neglect, and that losses were attributable thereto. These matters not having been passed upon by the trial judge, there has been a mistrial which requires a reversal and a rehearing.

The judgment of the Appellate Division should be reversed, and new trial ordered, with costs to abide the event.

Judgment reversed, etc. 119 N. E. Rep. 237.



On the Way to Victory

TIME as well as righteousness fights on the side of America and the Allies. The forces that are struggling against German militarism have the knowledge that the longer the war continues, the stronger must America

and the Allies become, while the longer it continues the more surely will Germany strangle all her hopes for regaining her former position in the world's markets, and respect of mankind.—EDWARD N. HURLEY, Chairman U. S. Shipping Board.

The Bank and the Bunk

By WILLIAM GANSON ROSE

In the former installment of this story, published in the July number, it was told how the "oldest and most conservative" bank was jolted out of the rut of its complacency. Now Mr. Rose tells of some of the plans for modernizing the bank.

CHAPTER II.

THE BUNK

THE first morning that John Wesley Crockett spent in the Lincoln National Bank was a busy one.

Gloria Ainsworth was on hand early to help him, and the president's stenographer, Miss Burton, made the third worker in the front office.

The two young women kept the telephones busy calling in various people for interviews.

The advertising managers of Holcomb's three newspapers were seen in rapid succession, each one leaving a rate card. The superintendent of a sand blasting company made a brief call, after which he was seen measuring the front of the building. A picture framer hurried in and went away with the oil painting of Lincoln. A furniture man spent five minutes with Crockett, and then made a tour of the bank with pad and pencil. He was closely followed by an interior decorator. A sign painter was given a four-minute interview, and a bronze metal worker took twice that time.

Between calls there was a rapid-fire conversation that smacked of enthusiasm.

"You certainly are a wonder, Mr. Crockett," said Gloria, "when it comes to planning things to do."

"Oh, I haven't really started yet," ob-

jected the advertising man. "Do you think your father will be pleased?"

"I am sure he will," cried Gloria. "Why, he won't recognize the old bank."

"If you'll pardon me," put in Miss Burton, "I'm not so sure. I tried to get Mr. Ainsworth to replace the old desk here and his chair, and to put in an electric fan. But he wouldn't hear to it."

"An electric fan—that's right," said Crockett. "Miss Burton, please get the biggest electrical store on the 'phone."

"Do you think," asked Gloria, "that Mr. Simmons will approve of these ideas, Miss Burton?"

"Not if I know Mr. Simmons," replied the stenographer as she rattled the telephone hook. "Why, he bemoans the fact that we have to pay out money to publish our legal statements, and he holds us down awfully in the matter of supplies. See, he's coming here to the office now."

"Well," said Crockett, "we might as well get him into the game early as late, and I'm going to invite his cheerful co-operation in the little plans we are plotting."

There was a moment's silence, and then the vice-president of the Lincoln National entered the room.

"Mr. Crockett," said that official in an ominous tone, "I have been out of the bank most of the morning, but I have seen a number of things concerning which I must ask you. I am told a number of other things have been happening that also require some explanation on your part."

"Just so, Mr. Simmons," replied the adman, rubbing his hands together in an enthusiastic manner, "we have been losing no time."

"In the first place," continued the

vice-president, "there is a furniture dealer and a decorator at present making the rounds of the offices to estimate the cost of new equipment and new decorations. What does that mean, sir?"

"That means," replied Crockett, "that means progress, cheerfulness, advertising. It means greater comfort for those who live in the bank, and greater attractiveness for those who visit it. But I am sure, Mr. Simmons, that you must appreciate—"

"One moment, sir," growled the banker. "There will be no decorating or refurbishing done during my administration."

"But, Mr. Simmons," pleaded Gloria, "it would make the bank look so nice, and it's such an old vault of a place now. It's a splendid chance to do it, too, while father is away, because he won't be bothered by the confusion, and then, too,—may I tell him, Mr. Crockett, about the price?"

"Just as you like," smiled the advertising man.

"Well then," Gloria continued, "Mr. Crockett made both the gentlemen who are figuring agree to cut the price down twenty-five per cent. below the regular figures because of the advertising they will get when the whole campaign is in swing."

"Whole campaign?" replied the astonished vice-president.

"Why, yes," replied Crockett, "there were one or two other little things we had in mind to discuss with you. For example—"

"Stop!" commanded Mr. Simmons. "We'll have none of these tomfool innovations here. The board of directors meets at noon. What would they say if I were to ask approval for these ridiculous changes?"

While the vice-president spoke, Crockett murmured several of his words in repetition, "board of directors—at noon—"

"Now let us go into this matter a little further," said the advertising man.

"No," objected Mr. Simmons. "The directors meet in fifteen minutes. I'm going to get my papers. And let me warn you again, sir, no more of this

tomfoolery." He turned abruptly and left the room.

"I could almost cry," exclaimed Gloria indignantly.

"It was what I feared," said Miss Burton.

"There, there, ladies, it's all right," said Crockett cheerfully. "But we must get busy. Miss Ainsworth, do you know any of these directors well?"

"Oh, several of them," replied Gloria, "especially Mr. Osborne. He's an old friend of papa's, and he's always awfully nice to me. In going in for new things, he's a good deal like you."

"Mr. Osborne is the man we want," said the adman, and while he spoke Miss Burton put in a telephone call for the friend at court.

"Tell him," said Crockett to Gloria, "that you want me called into this directors' meeting; that your father has appointed me a general utility man while he is away, and that you personally would like to see my ideas carried out. Tell him—"

"Is this Mr. Osborne?" Miss Burton was saying. "Yes. Miss Gloria Ainsworth wishes to speak with you."

Gloria gave her message beautifully, and her smile indicated that her request was having a merry and enthusiastic approval.

"He'll do it," she cried as she hung up the receiver.

"Fine!" exclaimed Crockett. "Now, one more. Whom do you know among the conservatives?"

"Mr. Waldo Thompson," replied Gloria.

Miss Burton was soon in communication with the second member of the board of directors, and in the meantime the advertising man had given Gloria the message for him. It was to the effect that she was desirous of having him meet Mr. John Wesley Crockett, who was a very good friend of Mr. Amos Henderson, of Cleveland, and who was helping take care of her father's work while he was out of the city.

Again Gloria delivered her message to the entire satisfaction of the advertising man, and again she reported a

satisfactory response from the other end of the line.

"The directors are coming now," said Miss Burton, pointing out of the window. "There are Mr. Tibbitts and Mr. Cartwright. That's the head of the Holcomb Foundry, Mr. Kingdon, coming across the street."

The trio resumed its plotting, with occasional interruptions, as Miss Burton and Gloria indicated the directors as they entered the bank building.

Crockett had a list of the directors in front of him, and he wrote brief descriptions opposite the names, for use, if necessary.

"Do you think," asked Gloria, "that Mr. Simmons will object when Mr. Osborne asks to have you sent for?"

"Of course he will," replied Crockett, "and then Mr. Thompson will protest that I'm an old friend of Mr. Henderson, and Mr. Osborne will indignantly demand that his request be respected."

"You're a diplomat and you ought to be a member of a War Council," laughed Gloria.

"That," replied Crockett, "is what I expect to be when I go up to the directors' room."

It was 12:30 before the summons came by telephone. Then Crockett solemnly shook hands with both young ladies, after which he smiled broadly and hurried away, tucking a half dozen sheets of paper into his pocket as he went.

Outside the door of the directors' room he paused to get the proper poise before entering. He could barely distinguish the melancholy voice of the vice-president.

"I tell you, gentlemen," Mr. Simmons was saying peevishly, "he wants to ask you to decorate the bank and buy furniture."

Crockett tapped on the door, opened it and entered.

The eleven men seated about the long table stared at him.

Mr. Simmons coldly nodded to him and said, "Gentlemen, this is Mr. Crockett. Be seated, sir."

The advertising man bowed to the

directors and took the proffered chair, while Mr. Simmons went on.

"Mr. Crockett is with the bank," said the vice-president, "in accordance with Mr. Ainsworth's orders, to introduce such ideas as we agree are reasonable. Mr. Osborne, you requested that he be sent for. Will you ask him what you wish?"

"Mr. Crockett," said the director addressed, "will you kindly tell us about your suggestions?"

"Pardon me for interrupting," said Mr. Simmons, "but I explained he wants to refurnish the bank and redecorate it. That's your main idea, isn't it, Mr. Crockett?"

"No, sir," replied the adman quietly.

"Then what do you propose?" asked Director Thompson.

"First," replied Crockett, "may I ask if you all know when this bank was founded?" He looked around.

"It was about 1870," said Director Cartwright.

"Sixty-nine," ventured Director Thompson.

There were several other guesses, and then the vice-president announced that the date was 1868.

"Correct," said Crockett, "and do you see what that means? This is the bank's fiftieth anniversary year. There ought to be some sort of recognition when a fine, old institution like this passes the half-century mark." He paused and saw that he had already won their interest. "There ought to be some sort of recognition for the man who has guarded its interests for the greater part of that time and whose father founded the institution and gave it its name." He paused again.

"That's right," agreed Director Kingdon. "We ought to give Ainsworth a big banquet when he comes home."

"How about a loving cup or some other nice present?" asked Director Cartwright.

"What have you to suggest, Mr. Crockett?" asked Director Osborne.

"It's war time," answered the adman, "and if you will pardon me, I am opposed to luxuries. I have a gift in

mind, however, you will like better than a banquet or a present."

"What is it?" asked Director Hartman.

"New business," answered Crockett. "New business as a result of a new enthusiasm. Let's make next week Anniversary Week and ask all Holcomb to join in the celebration of our fiftieth year. Let us set forth what we have done for the city and its institutions and people in a half century. Let us have the newspapers suggest in return that the citizens of Holcomb recognize our service by becoming customers. We never could do this while the president was here. He's too modest. So the time is ideal. My, but won't he be surprised! I've let his daughter, Miss Gloria, in on the scheme, and she wants to help. And say, think of the blow to the Holcomb National. One of their employees told me that this bank is so conservative that it won't remove the forty years of dirt from the granite front."

"The front does look bad," agreed Director Stone.

"And a customer," went on Crockett, "asked me if it was true that animals wandered into the lobby in the tertiary period and starved to death in the back offices because there wasn't enough light to see the way out."

"It is altogether too dingy downstairs," affirmed Director Knowles.

"Oh, by the way," continued Crockett, "I forgot to tell you the real reason why I'm here. It's to find a location for a big, new plant that is a secret project as yet. Holcomb will do, if we can make it over a bit. I want your help in doing this. It will mean helping your town and your business. Let's set the pace with the bank and make the town keep to the same gait."

There was a pause, and the directors stared at him. Then Crockett went on.

"To begin with, I suggest that a week from Saturday be known as Ainsworth Day of the Anniversary Week of the Lincoln National. On that day we will give our president twenty-five new commercial accounts and one thousand new savings ac-

counts." He paused. "Will you guarantee the former if I guarantee the latter?"

"Of course we will," asserted Director Osborne. "I'll guarantee three myself."

"I'll add at least two," volunteered Director Thompson.

"Put me down for one sure, and maybe more," called Director Stone. And in four minutes thirty commercial accounts were pledged.

"Is the plan of Anniversary Week and of Ainsworth Day approved?" asked the adman.

A vote showed it was, unanimously.

"And now," said Crockett, "when Mr. Ainsworth returns shall we greet him with the grimy old front of the building?"

"No," came a chorus of voices.

Vice-president Simmons winced. There was a rap on the door. Crockett smiled as Director Osborne called "Come in." Two much-frightened tradesmen paused on the threshold as they opened the door.

"I beg your pardon," said the first; "we were looking over the furnishings."

"I told you——," started Mr. Simmons; but Crockett's voice was louder.

"Gentlemen," he asked, "shall we change the tertiary period furnishings for something a little more modern?"

There was another chorus of "Yesses." Again the vice-president winced, and the two tradesmen withdrew, closing the door after them.

"I suppose," said the advertising man, "it will be your desire to take some newspaper advertising and use a few publicity stunts to make our new plans thoroughly successful." He rubbed his hands as he spoke, and the directors nodded their assent. "Incidentally, I'd like to start something that will make the children of Holcomb feel a greater interest for the institution. I have plans I might call humanizers that are designed to make our customers regard this as their banking home instead of a depository vault. You're all busy men and I don't want to bother you with the details. The president of a big foundry wants re-

sults and not reports." He smiled pleasantly at Mr. Kingdon, who, in turn, smiled his appreciation of the compliment.

"Mr. Henderson, of Cleveland, told me that I would find you ready for progress," he continued, "and I am pleased to note that he was entirely right." The reference to the captain of industry strengthened Crockett's cause, as he could see by the interested expressions of his audience.

"This will cost money," protested Vice-president Simmons, "and I'll take none of the responsibility." This blunt opposition shook the directors for a moment, and Crockett considered it best to maintain silence.

The pause that followed was of a long minute's duration. Suddenly there was a terrific grinding noise outside, accompanied by the throbbing of an engine and a lively patter on the front wall. Director Osborne, followed by his companions, hurried to the front windows and looked out.

"Why, they're sand blasting," exclaimed Director Thompson.

"Just look at the difference in color," cried Director Osborne, pointing to the spot at which the hose was aimed.

"The old front is light gray granite when you get through the dirt," said Director Kingdon.

"I'd like to see the front as it ought to look," added Director Cartwright.

The men returned to their chairs, and before the vice-president could make another objection, Crockett said, "Well, gentlemen, to improve the old institution evidently takes some sand." He stopped short.

"We've got it," laughed Director Osborne.

"Then," went on Crockett, "I'm a real advertising man, and you can trust me for the blast."

Mr. Simmons rose. "Gentlemen," he said, "if there is no further business," he looked around fearfully lest something else should happen, then he added, "the meeting stands adjourned."

Directors Osborne and Thompson stopped a few moments to discuss matters with Crockett. He obtained their

consent to interest the directors who had been absent in securing commercial accounts, and he laid before them a rough outline of a few moves he intended to make.

As soon as they had left he hurried to the president's office and reported progress to the anxious young women.

"You're a—you're a——," began Gloria.

"I'm afraid I am," laughed Crockett, "but give me time. Besides, you've only known me for two days."

If the morning in the president's office had been a whirlwind of business, the afternoon was a cyclone. A large placard had been printed and hung up in the lobby calling a meeting of all employees for 4 o'clock. Copy was prepared for the three dailies, and between times Crockett ran over to the newspaper offices to meet the managing and city editors. Incidentally he allowed himself to be interviewed. He made an appointment with the superintendent of schools for the next morning and one with the Mayor and another with the President of the Chamber of Commerce for the afternoon. He placed the orders for the new furniture and the interior decorating, and ordered a large frame for the big window on the west side of the building. He gave several orders to a sign painter and telegraphed for five thousand reproductions of a portrait of Lincoln. He contracted with a framer to have the frames and mats ready for the pictures as soon as they came. There were two or three small printing jobs that he placed through the help of Miss Burton; and all the time Gloria, with poorly concealed admiration, acted as first aide.

"You really ought to have some lunch," she told him.

"We're too busy," he protested, "and besides, this is wheatless day and your restaurant manufactures corn muffins that crumble all up and make the table messy. You see, I'm used to home cooking."

"Yes," she smiled, "and you're invited to my home to dinner."

"Hold on," he objected, "that wasn't a suggestion, that was the truth." He

laughed. "I find it always pays, Miss Ainsworth, to tell the truth, and I accept your invitation."

And so the business whirled on, oiled with enthusiasm and an occasional touch of humor.

Suddenly Crockett scratched a blue pencil through the last memorandum on a long list, stretched out his arms, drew a long breath and exclaimed, "Well, I guess we've caught up with the program."

As he spoke Miss Burton entered the room saying, "I guess you haven't. It's two minutes to four, and the force is waiting."

"Sure enough," he exclaimed, and adjusting his tie and pulling down his sleeves he prepared to meet his fellow members of the Lincoln National family.

There were forty-two of them, and as he looked them over he murmured to himself, "Pretty good material, but badly used."

The heavy metal door of the front of the bank was closed by the guard, the lobby clock struck four, and Crockett stepped out in front of the employees. He looked around as if expecting somebody and then turned to the group.

"I rather thought," he said, "that one of the officers would be here to introduce me, but I guess they're all too busy. Consequently I'll introduce myself. My name is Crockett, John Wesley Crockett. I come from Cleveland. I'm going to have the pleasure of working with you for a short period and I want to talk over a few ideas so that whatever I do will be done with the best of teamwork."

He paused and looked around. His audience was evidently bored. There was no interest whatever in what he was saying, and a half dozen of the girls continuously looked over their shoulders at the big clock.

"President Ainsworth has gone away for two weeks," announced the adman. The news made no impression. "I thought that while he was gone you might like to do something for him."

Crockett again looked around and inwardly said, "Not a rise."

"A week from Saturday," he continued, "will be known as Ainsworth Day. We're to celebrate our president's long connection with the old bank." The silence was oppressive. "Next week is to be anniversary week, because, and I am sure that many of you cannot realize it, this bank is now fifty years old." Either the employees already knew this fact and weren't surprised, or if they didn't know it, they didn't care. "Judging by your attitude," said the adman, "I fear that the president and bank have done something to you."

He paused and a tall, thin, stoop-shouldered clerk rose and quietly observed, "No, mister, they haven't done anything to us, and they haven't done anything for us."

"I see," said Crockett. "Then it's about time that we got together and talked things over and found out what was right that they should do for us, and then, giving good service in return, we should get those things."

The group looked at him incredulously. So far this was the stupidest gathering that Crockett had ever faced in ten years of speaking engagements.

He smiled as he asked, "Do you have many of these 'pep' meetings?" He looked at a girl in the front row and she shook her head. "Well," he resumed, "this is the first of a series that will continue as long as the bank continues. We're going to form a little organization here and now, for mutual benefit, for the good of the institution and for ourselves. We're going to serve the bank and the public right up to the limit, and we're going to ask the bank to serve us in a manner justified by our loyalty. We're going to——"

"Hold on," cried a voice, and looking around Crockett saw Vice-president Simmons coming from a pen in the corner.

"Ah," said the adman, "our vice-president is here, and I am sure that he will echo my sentiments."

The little audience for the first time showed human interest. They were rather amused with Crockett's promise

in view of past history, and two of the girls giggled at the prospect of "grumpy" Simmons squashing the new organizer.

"Mr. Crockett, you're going too far," went on the vice-president. "What do you think you're doing, organizing a union?"

"Just so," responded Crockett, "a union of the individuals who constitute the Lincoln National family; a union of the hearts and hands and souls of our people who want the loyalty strings tightened between themselves and the officials; a union——"

"Piffle!" cried the vice-president. "What you propose is a waste of time."

The adman again looked at his audience, and he saw that at least he had more interest than did the bank officer.

"With your permission, sir," he said to Mr. Simmons, "I'm going to ask the employees if they would like to organize a club and elect their own officers and conduct their own meetings; a club where social and business interests would be blended; a club that would conduct study courses for those who desire to advance themselves, and dances for those who'd like recreation; a club that would meet monthly in the winter time and hold an outing in the summer; a club that would plan recommendations for the good of the service, for the improvement of the conditions under which they were working." He paused, and for the first time he was confident that they were following him with wholehearted appreciation. "A club where well known speakers would come from time to time; a club where officers and employees would mingle together, where acquaintances would be developed; where friendships would be strengthened; where a new spirit would be founded to humanize the bank; a club where——"

"Stop!" commanded the vice-president. "I tell you it's a waste of time and that these people are being held here now against their will. They want to go home. They don't want to stay here listening to you."

The old man's face was flushed, and he was evidently very angry.

"If that's true," said Crockett quietly, "I wish to apologize to all of you, my new-found friends, because I wouldn't have kept you here against your will. Will all of those who regard the club as a waste of time and who don't wish to be detained longer kindly leave at once so that the rest of us can go on with our plans?"

There was a long pause. Nobody moved from a chair. The vice-president turned abruptly and walked back into the pen.

Finally the silence was broken when a pleasant voice asked Mr. Crockett, "May I have the floor for a moment?"

The adman looked around and saw that Gloria had come from the president's office.

"Miss Ainsworth has the floor," he announced to the little assemblage.

"I just wanted to invite you all," she said, "provided you do decide to adopt Mr. Crockett's splendid plan about the club, to hold your outing at father's summer place on the river. There's boating and fishing and plenty of room for all kinds of games, and in the evening we can have dancing, too. I hope you'll accept."

"I'm for it," piped a shrill voice, and forty-one members of the group burst into a peal of laughter at the office boy, who didn't realize the attention his vote would get.

Miss Burton rose and Crockett acknowledged her.

"As an employee of the bank," she said, "I move that we adopt Mr. Crockett's suggestion and ask him to name a committee on organization for the new club."

The motion was quickly seconded, and it carried with a shout.

Then the office boy, who had regained his composure, arose and asked, "What-ya going tuh call it?"

"A very good question," said Crockett. "I haven't the slightest idea what we should call it. Let's see——"

At just this moment two men passed through the lobby toward the president's office carrying something covered with gunny-sack.

Crockett saw them and called out, "Bring it this way."

The two men advanced to the front of the lobby and pulled the gunny-sack aside. There in a magnificent gold frame was the newly-cleaned portrait of Lincoln. Spontaneously the little crowd applauded for fully a minute.

"I got it," piped the shrill voice of the office boy as he jumped to his feet.

"Got what?" asked Crockett.

"Why, the name for the club," cried the boy—"Lincoln!"

The applause broke forth again, and as it subsided, Crockett announced, "Boy, you've picked a winner. If there is no objection we're the Lincoln Club and the meeting stands adjourned."

The little group dispersed, busily whispering, and Crockett returned with Gloria to the president's office.

"Well," said Gloria, "in the language of advertising, you have 'sold' them the club idea."

"Yes," he replied, "thanks largely to your offering them your father's summer place."

"Nonsense," she protested. "Isn't it all going swimmingly?"

"Yes," he laughed, "it's almost too easy. We're about due for a shock of some kind."

As he spoke he looked down at the desk and saw a telegram that had been left for him during the meeting. As Gloria crossed to the front window, he tore open the envelope and glanced at the message. He was about to utter an exclamation, but he checked himself.

"Miss Ainsworth," he said quietly, "I have just received a message that—that demands my running out for a few minutes."

She shook her finger at him. "Don't you forget to be here by 5:30," she cautioned, "because we're going to have home cooking for dinner."

"I'll remember," he said, and hurried away.

He walked to the corner and took the message from his pocket again. It read:

John Wesley Crockett, Holcomb, Ohio.

Make no arrangements in Holcomb. Plans will probably be changed. Will use you in Canada. Wire on what train you leave.

AMOS HENDERSON.

Crockett walked very swiftly up a side street, but he thought much more swiftly than he walked. A number of pictures flashed in his active mind. First, that of Gloria; then that of President Ainsworth, who believed he wouldn't make good; then that of Gloria; then that of the board of directors who seemed as much amused as they were interested by his plans; then that of Gloria; then that of "grumpy" Simmons who formed an excellent handicap to overcome; then that of Gloria; then that of the bank force, which he could delight in organizing; then that of Gloria; then that of the old bank itself, which was to be transformed under his magic hand from an institution old and conservative, into one that only Crockett could see in a vision; then that of Gloria; then that of the new opportunity in Canada; then that of Gloria.

He looked at his watch.

"I've just time to call for her," he said. "I'll wire you after dinner, Mr. Henderson."

He hurried back to the bank. On the way he did some more swift thinking. "You mustn't let a pretty girl and an amusing business opportunity and the fact that you've started something deter you from your real opportunity," he said to himself. "If Henderson wants you in Canada, to Canada you'll go," and as he said it to himself, he himself believed it.

As he entered the old lobby he heard peals of merry laughter emanating from the president's office. He hurried in, and Miss Burton quickly closed the door behind him.

"Tell him," commanded Gloria.

"You're the responsible party, you'll have to tell him," laughed Miss Burton.

"All right then," agreed Gloria, "I will. It was this way, John—I mean Mr. Crockett—," she said still laughing; "as soon as you left the room Miss Burton ran in with a face as long as

that," and she measured a face three times as long as Miss Burton's pleasant countenance could possibly stretch; "and she said old Grumpy had put in a long distance call for father in order to catch him at Louisville and bring him home. Grumpy expressed himself about you to the assistant cashier, and really, he doesn't love you a bit. Then the assistant cashier got a bright idea. He said, 'Why don't you telephone the president to come right home?' 'I will,' said Mr. Simmons; and he told Miss Burton to put in the call. She did, and then she came to tell me. We were terribly blue for a minute, and then old Grumpy came here to father's office and asked for you. I told him that you had gone over to Ford & Stearns to buy the most valuable painting you could find, and he rushed out of the office and grabbed his hat and went after you. It's a twenty-minute ride so he's probably on the way back now. Then while he was gone, long-distance got papa on the 'phone."

"What did you do?" asked Crockett.

"Why, I talked to him," replied Gloria. "I told him that everything was going perfectly lovely, that the directors had invited you to their meeting and became very fond of you, and that house cleaning would be all over a week from Saturday."

"Why did you tell him that?" asked Crockett.

"Because," replied Gloria, "he wouldn't come home while we're house cleaning and this will bring him back on Ainsworth Day."

"I see," said Crockett almost grimly.

"Why—why—you don't seem a bit pleased," said Gloria, as she stared at the advertising man.

Crockett couldn't shake off the effect that the telegram had made upon him and the fact that this was to be his last day in Holcomb..

"It was awfully clever of you," he said, "but I'm wondering if it was just the right thing to do."

"Right thing to do!" she repeated. "Why, I don't understand you a bit. Here you start a big program of activity, and we all work so hard to put

it through and things come our way just as fast as they can; and then you say you don't know if it's just the right thing to do. Well, for my part, right or wrong, we're going through with these things, because they're good in themselves, and because at college we despised, more than anything else in the world, a quitter."

If Crockett was uneasy before, he was something more than that now.

"Yes, yes," he agreed, "but I was thinking——"

Nobody else learned what he was thinking, for at that moment there was a slamming of a door, the tramping of heavy feet on the stone floor of the lobby, and a moment later the appearance of a very angry vice-president on the threshold.

"You here?" he cried, shaking his finger at Crockett.

"Why, yes," replied the adman. "I decided I wouldn't look at the pictures after all."

"M-m-m," grunted the vice-president, and he turned his gaze searchingly upon Gloria.

"I'm sorry," said that young lady, "to have sent you on a wild goose chase."

"Wild goose?" repeated Crockett. "Me?"

Whereupon the three young people laughed merrily, but Grumpy didn't join them.

"My telephone call, Miss Burton?" he said turning sharply to the stenographer.

"I took it," interrupted Gloria, "and father sends you his best regards. It will be impossible for papa and mamma to come home before a week from Saturday, because we're house cleaning, you know; and you remember, Mr. Simmons, father does hate house cleaning. Mercy! It's a quarter to six. We must be going."

The vice-president retired to the pen in a mood even angrier than that he had brought back to the bank with him. Miss Burton went to get her wraps, and Gloria and the adman started in search of home cooking.

If there was one thing that John

Wesley Crockett prided himself in more than another, it was his self-control. He never worked this faculty harder than on that particular evening.

The yellow message in his pocket kept saying to him, "You're going away tomorrow," and his mind kept retorting, "Keep still. It isn't tomorrow yet."

The home cooking was excellent. The Ainsworth palace, as it was known by the townspeople, contained many articles of interest to the visitor. The evening would have been a perfect one excepting for that miserable telegram.

When Crockett started to go, he looked earnestly at his hostess and asked, "Do you really want to carry out these plans we have been making?"

"Do I?" she repeated. "Well, I just guess I do. You see, papa has always looked at me as a sort of good-for-nothing college girl with a head full of Latin roots and a desire for pretty gowns and hats. Now, he's entirely wrong about the Latin roots, because I've forgotten nearly all of them. I do like the gowns and hats, though. But what I'm particularly anxious to do is to make good in a really practical way and show him that his daughter isn't a little daffy-down-dilly. And incidentally, I expect to get more gratification out of the doing of these things than I have out of anything else I have ever attempted."

As she spoke, Crockett was sorry he asked her the question.

"You see," she continued, "you started something, Mr. John Wesley Crockett."

"I see I have," he assented; and they said goodnight.

He walked back to the bank and studied it thoughtfully.

"You started something, John," he mused. "You started some things that

will have to be finished. That sand blasting, for example. If they stop now the building will look like a man who had one side of his face shaved just before a fire broke out in the barber shop. But, just the same, you've got to leave tomorrow. I must answer that telegram now."

He pulled the message out of his pocket and read the last sentence again, "Wire on what train you will leave."

He started in the direction of the telegraph office.

"I wish," he mused, "she hadn't said what she did about quitters. I wish I hadn't asked her if she really wanted to finish this job. I wonder if I ought to leave a note for her or if I just better write old Grumpy? I wonder if she'll miss me tomorrow morning as much as I'll miss her?"

He had reached the telegraph office and there were just two pictures left in his mind. One of them was Gloria and she was looking at him in a way that cut deep, while she said, "Quitter!" The other was also a picture of Gloria, and it was saying, "We finish what we start, don't we?"

He hastened up to the counter, drew a pencil from his pocket and wrote quickly on a telegraph blank:

Mr. Amos Henderson, Cleveland, Ohio.
I leave on the midnight train.

He dropped down to the bottom of the blank and signed "John." Then he walked over to the window and looked through it at a mental picture of Gloria. Then he walked back to the counter and re-read the line he had written, "I leave on the midnight train."

Slowly he took his pencil from his pocket and added another line, "a week from Saturday night."



Some of Our War Problems

RECENTLY before the Banking Club of Pittsburgh, Arthur Reynolds, vice-president of the Continental and Commercial National Bank, Chicago, made an address dealing carefully with many of the problems incidental to the war. From this address the following quotations are made:

SCIENTIFIC ECONOMY

The elimination of waste is of very great importance. That is scientific economy, profitable saving. The idea is contrary to the practice of hoarding. The fundamental principle is that we save on the unnecessary or non-essential things, in order that we may multiply the production and use of those things that are essential in the conduct of war. Here common sense is a good guide and its dictates are that we cannot eliminate the non-essentials abruptly or absolutely. If we suddenly close every avenue of endeavor but transportation and the production of food, clothing, fuel and munitions, we shall get down to the bare requirements of men on battle bent, but by the same act we shall throw the whole machinery of business out of gear and shut off the only means of meeting such requirements. We must economize. You are doing it, so am I, and we must not stop, but unless the economy promotes Government financing, a greater output of the implements of peace and war, and makes possible a bigger merchant marine, larger army and navy, and a stronger support of that army and navy by a well employed and hopeful civil population, then the effort will defeat its purpose.

Save, yes, but not to the point of closing a non-essential industry before the plants of some essential industry are made ready to receive the workmen thus thrown into idleness. No man feels disposed to buy bonds when he is out of employment or when he is operating a plant at a loss.

GIVING NECESSARY

We cannot stop at saving. That does not go far enough. The doctrine of giving must find a place in our thoughts and actions more than ever before. We cannot hope to make profits and live as usual. We must set our hearts and minds and activities in tune with this new order of things: and to play fair with the man who risks his life in our defence we must embrace opportunities to give. We must give the difference between

the higher yields of other securities and the lower interest rates on Liberty Bonds. We must give to the Red Cross, the Y. M. C. A., Knights of Columbus and the Salvation Army. None of these must be allowed to suffer from lack of funds in its work of mercy.

GOVERNMENT AND BIG BUSINESS

The spirit of coöperation between Government and big business, so much at variance with detrimental practices that prevailed during the past, is speeding up production. The nation, the whole world in fact, is reaping the benefits of this wise policy. You remember very vividly how popular it was but a few years back to condemn business merely because it was big. Now what would we and our Allies do without the assistance rendered by these large aggregations of capital and these enormous units of production? We could never provide the tools for combating the enemy engines of destruction if it were not for the powerful industrial plants with their splendid organizations.

The United States Government has realized this and is very properly accepting the coöperation of big business, which is coming forward in magnificent manner. You will easily recall the names of scores of influential business men who are giving their ability to the Government for a dollar a year. Why? Is it for personal gain? No, they are doing it out of patriotic impulse. The stockholders and directors of the great corporations which employ these men gladly release them for the public service.

To make it a little more clear, it is necessary to mention only one or two instances. The Government wanted a huge gun and projectile plant built efficiently and hurriedly. It could not waste valuable time and much money in setting up a new organization for the purpose. It simply turned to the United States Steel Corporation and asked it to do the job. Eight officials of the corporation and its subsidiaries, including presidents, vice-presidents and other highly trained officials, have been assigned to the work and I dare say it will be completed in record time. These eight gentlemen are to receive one dollar a year from the Government. That this building project is to be carried through honestly and with strict integrity is guaranteed by a corporation with a billion dollars of capital.

Press dispatches told us that negotiations were under way for a similar arrangement with the Midvale Steel and Ordnance Company.

Another case that illustrates this coöperation is that of the packing industry, one of the most important in connection with war work, for the soldiers must have meat. The Government calls in the big packers and says, "We want so much meat," (and it is no small order of a steak or a few lamb chops) "and the price we will pay is so much per pound." The packers immediately make plans to execute the order. Here is an industry that is as near one hundred per cent. efficient as any in the world. The Government commandeers its output. The packing-houses have been damned because of their size, and yet what would we do without them? All the cross-roads butchershops in Christendom could not meet this great public need as the packers are meeting it. Their ability to do so and the patriotic way in which they perform their duty is a blessing for which we should be thankful.

Such is the coöperation between the Government and big business. Now that the war has brought it about, let us hope it may continue indefinitely and that the anti-trust orators and writers will not forget that the so-called trusts stood nobly by the country in its hour of need, and that in this age of tremendous undertakings we must have these great establishments or surrender our place as one of the leading nations of the world. The treatment this question is to receive presents one of the most important of the after-the-war difficulties.

NEW SOCIAL ORDER

One of the after-the-war problems which is likely to tower above all others is what is termed the new social order. It will create havoc unless men of understanding, far-seeing statesmanship and true leadership direct sentiment aright. The undercurrent has been somewhat obscured by the thick fog and distracting events of the war, but it is running unmistakably. This so-called new social order, which means state socialism pure and simple, has as one of its foundations more rigid state control of all industries. There lies the menace to employer and employee alike.

We have had glaring examples of too much regulation. Advocates of this method of re-establishing the social order may say the rapacity of private ownership must be curbed. We answer that we favor just laws for the protection of society against private greed. We can have laws that will accomplish this without upsetting the whole order of things.

It is an admitted fact that the development of every country on the face of the globe that is worth living in has resulted from private initiative, and it is undeniable that the most remarkable development of all has been in those countries where enterprise has been the least restricted by legislation and regulatory bodies.

Their citizens have invented and perfected most of the modern conveniences and they

have enjoyed great prosperity and the best educational advantages.

In such countries laborers have received higher wages and had more of the comforts and luxuries than have the laborers in nations where there is a law to regulate practically everything except the climate and the movement of the planets. Can you point to a country that groaned under a multiplicity of regulatory and socialistic laws during the last half century wherein there has been any considerable advancement in



ARTHUR REYNOLDS

Vice-President Continental and Commercial
National Bank, Chicago

art, music, science, medicine, invention or conditions of living?

If misguided theorists are permitted at the close of the war to fasten their theories and selfish purposes upon the body politic through the flimsy excuse that this war has made necessary the creation of a new social order of their modeling, we shall be turning our backs upon progress.

REFORMS BY EVOLUTION

Out of all this suffering and bitter experience we should have a better world in which to live, but it must come as an evolution and not as an upheaval, as the reward of individual and collective effort, but not under the lash of harsh governmental regulation.

OUR AFTER-THE-WAR PROBLEMS

Grouping the outstanding after-the-war problems, they are: The so-called New Social Order, Taxation, Ownership of Railroads, Price Fixing and Foreign Trade and Shipbuilding.

It is very much to be desired that nothing more serious than Government supervision through a Director of Railroads will be the settlement of the railroad question. With such an official in charge, public ownership sentiment should be satisfied.

Stripped of all its furbelows, and carried to its conclusion, price-fixing would mean ultimately the regulation of everything you and I use. Its control would run through all the processes and include all articles from breakfast food to cheese, from calves to shoes, cotton seed to sheets, iron ore to finished razors, timber in the forest to the chairs on which you sit. To mete out justice all along the line it would stipulate the salary of the clergyman, the fee of the lawyer and doctor. To get absolute fairness, and that is the aim of its advocates as an after-the-war remedy, all wages and salaries must be controlled. The farmers' wheat, the packers' beef, the tanners' leather, all represent labor costs. If you say to these men the price of your product shall be so much and no more, have they not the right to answer, "Very well, I cannot supply these without labor. Therefore, by decree fix the price of labor to correspond to the labor cost involved in what I offer for sale, but fix it so that I shall have a profit left." How much of a muddle would you get into by adopting such a program as a permanent policy?

A few days ago I read where Dr. Van Hise of the University of Wisconsin at Madison expressed the belief that we had exploded the theory of the immutability of the law of supply and demand; that it had been supplanted by the more modern practice of price-fixing, which he contended would continue after the war in defiance of this natural law. With due respect to his learning and his reputation as an economic thinker, if he was correctly quoted, I must disagree with him absolutely. He has mistaken the apparently successful operation of a temporary war expedient for a permanently established fact.

Not more than two weeks ago a friend of mine let me read a copy of a letter from a reliable Britisher, who wrote in the most patriotic language, and yet he said: "The rationing for forty-five million of people is a stupendous undertaking, and one which one does not feel disposed to criticise at all. It may have been the inevitable result of the measures taken, but it is none the less the fact that almost every move that has been made here by the Food Controller has had the effect of curtailing production." He went on—"The fixing of maximum prices has undoubtedly had the effect of reducing supplies." If that is

happening in well-governed England to-day, when the necessities of war give the Government a far greater degree of power than can be granted in times of peace, what might we expect if we undertook to displace the law of supply and demand and arbitrarily fix prices for the future? It is inconceivable that we should attempt it.

ECONOMIC STRENGTH

As an evidence of our great economic strength, it is only necessary to remind this audience that a few months after the war started, foreign trade turned in our favor and our credit balances on the international ledger have risen to enormous figures. Deducting gold received and foreign owned American securities returned, we entered the war with a very large balance in our favor and each month since we have sold to other countries far more than we have bought from the rest of the world, and at handsome profits. The huge sums we are raising through public loans are being spent here. While now there is a large transference of money and credit from the individual to the Government, and while ultimately the Government will be compelled to collect large sums from its citizens to discharge its indebtedness, we will still have the money here. The Government now takes it as taxes and for Liberty Bonds and War Savings Stamps and pays it to industry. Later it will take through taxation the portion represented by bonds and interest and pay it back to its own citizens. It will be a transaction between ourselves, and will not deplete our wealth as would be the case if the money were to be collected for the liquidation of indebtedness held abroad.

For these reasons, after peace is declared and we analyze the condition of the various countries, the United States will probably be found to be the strongest nation, economically, in the entire world. This is not said boastfully. To a large extent this condition is attributable to circumstances and natural advantages. We should use our economic advantages wisely and fairly, and, without needlessly jeopardizing our own position, employ our industrial, commercial and financial strength in helping to restore world-wide progress and prosperity on a peace basis.

HOPE RISING

Through the problems, the dark clouds of battle, we see hope rising. But we must not forget that we are engaged in the supreme struggle of the ages, under a veritable downpour of perplexities. The evil genius of brutality is pitted against the forces of humanity, and the latter must and will conquer. Now we are at the crucial moment. We must summon all the strength of the nation, moral, mental and material, and, in conjunction with our associates, prepare for those great drives that will insure a permanent peace.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION



The Second Federal Reserve District

The bank clearings of New York City represent more than 40% of the total clearings of the United States, and the commerce of this port is larger than that of any other port in the world.

The Irving, which for more than 60 years has specialized as a commercial bank in the heart of this great commercial center, is able to base its service—now international in scope—upon an intimate knowledge of world conditions.

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000

Chilean Currency and Exchange

CURRENCY matters in Chile are thus interestingly described by a correspondent of "The Economist," London:

The establishment of a printing plant in the capital of the Republic for the manufacture of the State's own banknotes recalls the marked improvement that has of late years taken place in the value of the paper peso. The unit of value in Chile is the gold peso, valued at \$0.365 United States currency, but the circulating unit is the paper peso. In March, 1914, this note was worth no more than 19-20 cents U. S. currency, and, at the end of June, 1915, 16.1 cents. By the end of the same month, twelve months later, the value had risen to 18.7 cents, advancing in September following to 21.7 cents. Thereafter the rise continued to be fairly steady, and the explanation of the advance is found in the fact that the value of Chilean exports is considerably in excess of the country's imports, with the result that there is an over-supply of foreign credits and but a slight demand for foreign bills of exchange.

The fluctuation in the value of money has for long proved a firm obstacle in the economic advance of Chile. The exports of the country are customarily paid for in gold, but labor is paid in paper. The working classes are sufficiently intelligent to realize—or, at least, to suppose—that

the capitalists reap the benefit of the instability in the currency. This fact explains the political unrest that manifests itself at not infrequent intervals, and the many reconstructions of the Ministry.

The recent official recognition of dollar exchange as a means of making international payments, through the adoption of a plan whereby part of the export duties on nitrate of soda shipped from Chile to the United States may be paid in approved ninety-day sight bills on New York drawn in United States dollars, is expected to have important results. Till lately, export duties have been payable only in gold and in sterling bills drawn on London. It may be remembered that the whole subject of exchange received the careful attention of, and was very fully discussed in all its aspects by, the Pan-American Financial Conference that met in Washington in 1915. The adoption of the dollar exchange for Latin America was one of the first practical results of that assembly. The significance of the new regulations to the United States may be recognized when it is known that since the war the exports of Chilean soda nitrate to the United States have trebled in volume, and last year the value was put at \$60,000,000, the nitrates being used mainly in the manufacture of munitions and for fertilizer purposes. The first sale of nitrate in dollars took place in Valparaiso early in 1916, and soon afterwards the first sale of tin concentrate was also contracted in dollars. A number of

U. S. Army or Navy Red Cross or Y. M. C. A.

Letters of Credit are the safest and most convenient medium for carrying funds.

During the war we are issuing such Credits, *free of commission*, to officers and men in the U. S. Army and Navy, and to Members of the Red Cross, Y. M. C. A., Knights of Columbus, and Salvation Army.

We have also sent our American representative to France for the convenience of our friends, with headquarters at the office of the Credit Commercial de France, 20 Rue Lafayette, Paris.

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locally represented American companies then gave instructions that all quotations henceforth were to be made only in dollars and not in pounds, pésos, marks, or francs. The movement to establish regular trading in dollar exchange in South America has thus been consistently progressive.



Proposed Changes in the Spanish Currency

ACCORDING to "The Economist" of London, the Spanish Minister of Finance has introduced some far-reaching proposals affecting Spanish finance and the Spanish monetary system. He proposes the immediate demonetization and sale of superfluous silver coins and the establishment of compulsory use of gold. The state is to begin minting gold on an extensive scale in July, 1919, and in the meantime gold coins of foreign countries will be admitted in circulation at their face value. Silver money is not to be legal

tender in private transactions for amounts exceeding 50 pesetas, but will be accepted to an unlimited amount at the State Savings Banks. The state, it is proposed, shall continue to mint gold "until the monetary system becomes normal." No gold pieces lower than 20 pesetas are contemplated. Twenty-five peseta notes are to cease to be legal tender after January 1, 1919. The Finance Minister further asks that the Government should be authorized to liquidate, in whole or in part, the external debt, and, if necessary, to negotiate an internal loan for the purpose. He proposes that silver demonetized and sold abroad shall be used towards this end.



Banking House Taken Over

THE Swiss Bank Corporation has taken over as from July 1 the Banking-House of Reutter & Co., La

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CORRESPONDENCE INVITED

Chaux-de-Fonds, the principal centre of the Swiss watch-making industry, which has a very extensive trade with Great Britain and her dominions.

of the Coolgardie and Kalgoorlie branches. In 1907 he was appointed secretary of the London office, where he remained for two years. In 1909



**Charter of Bank of France
 Renewed**

RENEWAL of the charter of the Bank of France for a period of twenty-five years from 1921 has been effected by recent legislation, which was not adopted without some opposition. In the view of some members of the French Chamber of Deputies, the renewal should have been for a shorter period, under existing circumstances.



**Chief Manager National Bank
 of Australia**

THE portrait of E. H. Wreford, Esq., presented herewith is from a recent number of the "Australasian Insurance and Banking Record."

Mr. Wreford, who is chief manager of the National Bank of Australasia, Limited, was born in Adelaide in 1866. After being educated at the North Adelaide Grammar School, he joined the Adelaide office of the bank in 1882. He was at the Adelaide office and at various South Australian branches until 1896, when he went to Western Australia, being manager successively



E. H. WREFORD
 Chief Manager The National Bank of Australia,
 Limited

he went to Melbourne as assistant chief manager, and in 1912 he was appointed chief manager in succession to the late John G. Addison.

The First National Bank of Chicago

welcomes and appreciates the accounts of banks and bankers. Its extensive clientele, developed during more than fifty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory relations maintained with correspondents.

Capital and Surplus, \$22,000,000

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England to Bar Out Enemy Banks

IT was announced in the British House of Commons on July 11 by Sir George Cane, Home Secretary, that the Government intends to apply to the courts for an order to wind up the business of enemy banks. Legislation will be introduced by the Government, he says, which will make it impossible, for a period of years after the war, to open any enemy bank in the United Kingdom.



American Bank Wanted in Portugal

WRITING to the New York "Journal of Commerce," a Portuguese merchant suggests the advisability of establishing an American bank at Lisbon. He gives these reasons:

The United States, Brazil and Portugal

seem to be designated for mutually beneficial arrangements. They form not only by their geographical position, but also by their industrial, commercial and economic conditions, a splendid triangle. The sides of this triangle would be formed by trade, navigation and banking.

In the way of reciprocal imports and exports a triangular system of exchange is quite feasible. If, indeed, we ponder over the values of Brazilian shipments to the United States, of those of the United States to Portugal and the gold transferences from Brazil to Portugal, we not only see the possibility of a very important arrangement but the impending necessity for such an arrangement.

Our trade with the United States is permanent, for our largest imports are cotton, and it is now a great satisfaction to us to do this business directly with our transatlantic friends. We have all the wolfram the United States may require, for just as the United States is the largest producer of steel in the world, so is Portugal the largest possessor of wolfram. Portugal's vast mineral wealth is only at the beginning of development, and we have many other possibilities being quietly worked out.

The establishment of an American bank here, we are absolutely convinced, would greatly enhance and improve the

The Union Bank of Manchester, Limited

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45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	.	.	(\$5=£)	\$12,500,000
Paid-up Capital	-	.		3,125,000
Reserve Capital	.	.		3,500,000
Subscribed Capital	.	.		6,250,000
Reserves	.	.		1,977,235
Surplus over Liabilities	.	.		8,227,235

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

relations between the United States and Portugal. Much inefficiency has arisen through the lack of such a bank. The adjustment of debits and credits between American, Brazilian and Portuguese interests is now so important a question as to provide a reason for an American bank here offsetting all contrary arguments. We feel quite sure that there would be sufficient business to keep such a bank busy and have no hesitation at all in predicting success for such an institution and also for ventures in many other directions.

Perhaps one large New York bank with Brazilian connections would be the most suitable for such an undertaking, and we are quite sure that our numerous countrymen in South America would be as glad to do business through it as we ourselves are here.



Bank of Brazil Extension

FROM a recent number of the "River Plate Observer" it is learned that the Bank of Brazil, whose head office is at Rio de Janerio, has decided to create branches in the Argentine, in Europe, and in other American coun-

tries. It has already fixed on Paris, New York, Lisbon, London, Montevideo, and Buenos Aires for the establishment of these branches, those of the three latter cities to be instituted immediately.



Russian Bondholder Protection Committee Formed

ANNOUNCEMENT was made recently that certain British issuing houses and banking institutions had agreed to act together for the protection of holders of such issues of Russian Government, municipal and railway guarantee bonds as were domiciled with them. A committee has now been definitely formed for the purpose in question, and has met at 8 Bishopsgate, E. C. The members are: Lord Revelstoke (Messrs. Baring), chairman; Lionel de Rothschild (Messrs. Rothschild), Charles E. Barnett (Lloyd's Bank), Walter Leaf (London County



A view of Mayon Volcano, one of the many scenic features of the Philippines.

PHILIPPINE NATIONAL BANK MANILA, P. I.



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Westminster and Parr's Bank), Sir Everard Hambro (Messrs. C. J. Hambro & Son), Sir Robert Kindersley (Messrs. Lazard Brothers), R. G. H. Boulton (Messrs. Boulton Brothers & Co.), C. Birch Crisp (Anglo-Russian Trust), W. Koch de Gooreynd (Messrs. Panmure, Gordon & Co.), L. W. Lodge (Messrs. Campion & Co.), G. C. Hollings, secretary.



American Foreign Banking Corporation Acquires Branches

ANNOUNCEMENT is made by the American Foreign Banking Corporation that it has acquired the branches of the Commercial National Bank of Washington, D. C., at Panama City, Republic Panama and Cristobal, Canal Zone, and that they will, in future, be continued under the name of this bank.

Those who have in the past transacted their business with the Isthmus through the Commercial National Bank of Washington, as well as others, are invited to hereafter make use of the services of the branches of the American Foreign Banking Corporation.

This bank was organized in 1917 by a group of representative banks for the purpose of assisting in the development of the trade of the United States with foreign countries.



Buenos Aires Branch of Yokohama Specie Bank

FROM the "River Plate Observer" particulars are obtained of the opening, on May 6, of a branch of the Yokohama Specie Bank in Buenos Aires. The inauguration of the bank was honored by the presence of Dr. Romulo S. Naón, Argentine Ambassador to the United States, and the ma-

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The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

Correspondence Invited

majority of the executive heads of the local Argentine, British and American banks. Addresses were made by Mr. Mayeda, manager of the Buenos Aires branch of the Yokohama Specie Bank; Mr. Kawazu of the Mitsui Co., Ltd., and by Mr. Shinga, one of the oldest Japanese residents in Buenos Aires.



Conditions in the Argentine

MUCH statistical and other information of value relating to the Argentine Republic appears in "Report No. 141," issued by Messrs. Ernesto Tornquist & Co., Limited, of Buenos Aires. In regard to general conditions, the report says:

The principal features of the economic situation are at present: the settlement of the numerous strikes on several of the railways and in almost all the industries and trades, the good out-turn of the crops of wheat, linseed, oats and maize, their rapid carriage to the ports and their ship-

ment as fast as steamers are ready to take them, and very favorable prospects for the sugar crop and pastures; increase of receipts at the Custom House, due to the export duty; abundance of money and increased demand at full prices for all products of agriculture and cattle, for good farmlands, and for good stock exchange securities; progressive prosperity of home industries and considerably improved railway receipts.

On the other hand there are the scarcity and high prices of all kinds of fuel and imported merchandise, the excessively high rates of freight and the delay to frame the appropriate laws to place the national finances on a stable basis with which the next Congress will probably deal.



Bank of the Republic, Uruguay

A PARAGRAPH in the "Review of the River Plate" states that the report of the Banco de la Republica of Uruguay for the year 1917 shows that the net profit amounted to \$1,628,-

Bank officers are frequently asked to recommend investments for clients who demand a satisfactory return with a minimum of risk.

For such a demand we recommend bonds which are legal investments for savings banks and trustees in New York, several of which are today obtainable to yield over $5\frac{1}{4}\%$.

We shall be glad to submit offerings based upon individual requirements as stated to us.

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New York

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725.87 Uruguayan gold, exceeding by over \$300,000 that obtained in the preceding year. The gold holding was \$39,470,379.49.



Further Reciprocal Banking Arrangements

THE New York agency of the Anglo-South American Bank, Ltd., has been advised by their London office that an arrangement similar to that concluded in the latter part of February last with the Williams, Deacons Bank, has now been entered into with the Northern Banking Company, Belfast, Ireland, whereby they act as agents in Ireland for the Anglo-South American Bank, Ltd., and the London-Brazilian Bank, Ltd., and they in turn act as agents of the said bank in the Continent of South America.

Australia's War Loans

IN a statement regarding the sixth Australian War Loan made by Denison Miller, Esq., Governor of the Commonwealth Bank of Australia just prior to his departure for Europe, as published in "The Review," of Melbourne and Sydney, appears some interesting information. Mr. Miller said:

The great success of the Sixth Commonwealth War Loan is a National triumph for the Australian people. While it will be a week or more before the final returns come to hand, it is already clear that the objective of £40,000,000 will be considerably over-subscribed. This result can be regarded as a stupendous achievement of Australian patriotism, and of the high efficiency and ceaseless enthusiasm of those who have so strenuously thrown themselves into the campaign for obtaining this money for the equipment and upkeep of our brave Australian soldiers at the front, the maintenance of dependents in Australia, and the payment of those who have returned.

Subscriptions to the first five Commonwealth War Loans total £101,440,340, or an average of just over £20,000,000 each. This time the average amount has been

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halévy.

Antwerp Branch: Temporarily in London.

	(£5=£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

DIRECTORS.

E. ROSS DUFFIELD, Esq., *Chairman*
The Hon. HUGO BARING.
WILLIAM T. BRAND, Esq.
JOHN G. GRIFFITHS, Esq., M.V.O.

ROBERT A. THURBURN, Esq., *Managing Director*
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HERMAN B. SIM, Esq.
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LONDON BANKERS.

BANK OF ENGLAND.

LONDON COUNTY WESTMINSTER AND PARRE'S BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahía Blanca, Concordia, Tucuman, Cordoba, Paraná. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency . . . 51 Wall Street,

W. R. ROBBINS, AGENT.

more than doubled, and, after allowing for an amount of £5,000,000 which has been obtained by the sale of War Savings Certificates up to date, the total amount with the public of the Commonwealth of Australia has so far subscribed for war purposes is, in round figures, £147,000,000 sterling. This is a great achievement for Australia, but we have still further to go in the matter of financing the war, and we must continue our efforts in this direction with the utmost energy. Now that this loan has been successfully floated, all members of the community should begin to think what they can do towards the next war loan when it is placed before the public.

The financial position in Australia is absolutely sound, for, after all, only a comparatively small portion of our wealth and income has so far been devoted to war purposes. The wealth of the Commonwealth as set out by the government statistician for the year ended 30th June, 1915, was £1,643,463,376, now estimated at £1,800,000,000, whilst the annual income at that date was £257,650,251. There is not the least doubt that both our wealth and our annual income have materially increased since then. This clearly shows that, after all, we have still a long way to go before the end of our financial tether in the way

of providing money for war purposes is reached.

Furthermore, so long as we are able to float the loans locally, and the greater part of the money so raised has been spent and is being spent in Australia, and if, so long as that goes on, we continue to produce from the soil, wool, wheat, meat, metals and other produce the world requires, and sell them and get paid the high prices for them in the manner we have been doing since the war began, so long can we continue to borrow money in Australia, seeing that the bulk of the money does not go out of the possession of the people here.



Long Banking Service

FIFTY years of service in one bank is a long record. Such is the record made by Crawford J. Maxwell, who entered the service of the Commercial Bank of Tasmania in 1863, and who has been manager of the institution since 1904. The fiftieth anniversary of this service was commemorated by a presentation of an illumi-

nated address to Mr. Maxwell by the bank's staff.



Western Australian Bank

THE one hundred and fifty-third half-yearly meeting of the shareholders of the Western Australian Bank was held on May 1, at the banking house, Perth. The Hon. Sir E. H. Wittenoom, chairman of directors, presided. The following report for the half-year ended March 25, 1918, was presented:

The directors have much pleasure in submitting the accompanying balance sheet and statement of profit and loss for the half-year ended March 25, 1918. The net profit, after providing for bad and doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management, is £28,253 9s 2d; balance from previous half-year, £16,085 12s 8d; total, £44,339 1s 10d. From this the directors have resolved to pay a dividend of £1 per share free of state dividend tax, £25,000, and to carry forward £19,339 1s 10d; total, £44,339 1s 10d. The reserve fund is now £700,000, and reserved profits £19,339 1s 10d; total, £719,339 1s 10d 3. During the half-year a sub-branch of Menzies has been opened at Comet Vale, and Sandstone branch and Pinjarrah sub-branch have been withdrawn.

Deposits of the Western Australian Bank on March 25, 1918, were £2,516,935, and total assets £3,683,325.



American Financing for China

IT is understood that arrangements have been completed for a loan to China by a syndicate composed of American bankers, with the active participation of Japan and nominal participation by France and Great Britain. Before agreeing to make the ad-



Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

"The Investment Situation"
Write for pamphlet L-I

Knauth-Nachod & Kuhne

Members of New York Stock Exchange,

**Equitable Building,
NEW YORK CITY.**

vance to China it is said that the American bankers asked and received assurances from the United States Government that it would use its offices in an effort to bring about a liquidation of the loan at maturity in the event that the bankers should find difficulties in the way of obtaining payment in the regular course of business.

Under the Taft Administration Secretary Knox gave the support of the State Department to a plan under which the six-power group, composed of the United States, Germany, Great Britain, France, Russia and Japan, would have coöperated in providing \$300,000,000 for the reorganization of the Chinese Army, adoption of a new currency system, construction of canals and other sanitation work and the opening of railroads. Negotiations for this loan had been practically completed when Secretary Bryan de-

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.

(\$0.50 = 1 peso)

Authorized Capital	. . . . .	(pesos)	10,000,000.00
Capital fully paid-up	. . . . .		4,500,000.00
Reserve Funds	. . . . .		1,775,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

nounced dollar diplomacy and compelled the withdrawal of the American group. It is this action which now seems to have been reversed in principle.

The amount of the pending loan is generally placed at \$50,000,000.



London Bank Merger Approved

RECENT cable advices announced that the Committee of the British Treasury had approved of the merger of the London City and Midland Bank, Ltd., and the London Joint Stock Bank. The aggregate deposits of the combined institutions is about \$1,435,000,000, the largest of any private banking institution in the world. This compares with \$681,000,000 of deposits of the National City Bank of New York, the biggest American banking institution.

Additional Branches of American Foreign Banking Corporation

THE Banking Department of the State of New York report that application has been made by the American Foreign Banking Corporation to establish the following branches: Republic of Brazil, Rio de Janeiro; Republic of Haiti, Cape Haitien and Saial-Marc; Republic of Honduras, Cali.



Banco del Peru y Londres

AT the thirty-sixth general meeting of the shareholders of the Bank of Peru and London, held at Lima, March 27, the following statement of accounts was presented for the year ended Dec. 31, 1918:

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of
merchandise through the use of dollar acceptances

Capital and Surplus \$2,250,000

OFFICES

Market & Fulton

81-83 Fulton St.
New York

Eighth Street

Broadway & 8th St.
New York

Aetna

92 West Broadway
New York

Flatbush

839 Flatbush Ave..
Brooklyn

New Utrecht

New Utrecht Ave. & 54th St.
Brooklyn

Long Island City

Bridge Plaza
Long Island City

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

	Lp.
The net profit, after deduction of expenses, interest paid, amortization and rebate, amounts to which, together with the amount brought forward	79,293.4.05
makes a total of.....	11,097.9.19
	90,391.3.24

Having applied the sum of.. 26,000.0.00
in writing down the value of securities held by the bank and quoted in Europe, etc., the directors propose that the balance be distributed as follows:

To apply in payment of a dividend of 6%.....	30,000.0.00
Reserve fund and remuneration of directors and Paris committee 10% on Lp. 79,293.4.05..	7,929.3.40
To apply to extraordinary amortizations	18,000.0.00
and to carry forward.....	8,461.9.84
	90,391.3.24

The capital of the Bank of Peru and London on April 30, 1918, was £ (Peruvian) 500,000; regular reserve fund £206,520; accounts current and deposits at sight £1,506,977; time de-

posits, £1,221,919; total assets £7,890,526.



Bank of British West Africa

CABLE advice from London has been received by R. R. Appleby, New York, agent of the Bank of British West Africa, Ltd., that the directors have recommended a final dividend payment of 4½ per cent. for the second half year, making eight per cent. for the year, which is at the same rate as last year. A sum of £17,500 has been transferred to reserve, as compared with £10,000 last year, and this item now stands at £237,500. The sum of £26,612 has been carried forward, as compared with £18,176 last year.

The New York office of the Bank of British West Africa is located at 6 Wall street, and is fully equipped for financing transactions between this country and England, France, Morocco-

THE BANK OF CHOSEN

Incorporated by Special Charter of Imperial Japanese Government

Subscribed Capital, Yen 20,000,000

Paid-Up Capital, Yen 20,000,000

Head Office, Seoul, Korea

Principal Branches:

KOREA: Chemulpo, Pyongyang, Wonsan, Fusan

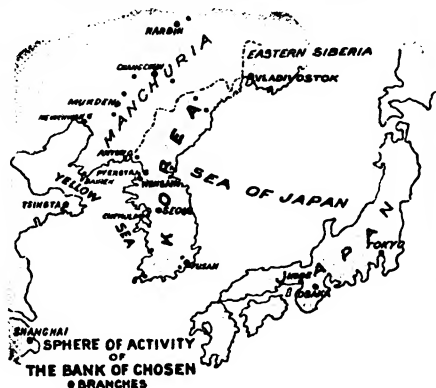
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe

CHINA: Shanghai, Tsingtau

Affiliated Bank:

VLADIVOSTOK: Matsuda Bank



LONDON BANKERS: London City and Midland Bank, Ltd.

Principal American Correspondents:

Guaranty Trust Company of New York
Equitable Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco, Seattle and Vancouver

H. YASUDA, New York Representative, 120 Broadway

co, the Canary Islands, West Africa, and other parts of the world.



Bank Consolidation Disproved

THE advisory committee on banking mergers in England has refused to recommend Treasury sanction for the consolidation of Lloyds Bank and the National Bank of India. It appears that the Indian authorities have also indicated their objection of the merger.



Italian Discount and Trust Company

ABOUT September 1 the Italian Discount and Trust Company, incorporated under the laws of the State of New York, will open for business at 399 Broadway, New York, with \$500,-

000 capital and \$250,000 surplus. It is organized by the Guaranty Trust Company of New York and the Banca Italiana di Sconto of Rome.

The Italian Discount and Trust Company will conduct a general banking and trust company business, giving special attention to financing Italian import and export trade. It plans to cater to the large Italian colony in New York, whose checking accounts and time deposits it expects to get. The new bank will also do a general foreign banking business, with departments devoted to foreign exchange, money orders, etc.

George P. Kennedy, assistant treasurer of the Guaranty Trust Company, will be president of the bank; G. Biasutti, manager of the Florence branch of the Banca Italiana di Sconto, will be vice-president. Among the directors will be Alexander J. Hemphill, Eugene W. Stetson, Harry Lawton and Theodore Rousseau of the Guaranty Trust Company; Angelo Pogliani, managing director of the Banca Italiana di Scon-

Canada, the Land for a Vacation

Tourist traffic in Canada is estimated to be worth \$50,000,000 yearly to the Dominion. From Nova Scotia to British Columbia there is an endless variety of natural beauty—sea, river, lake, prairie and mountains—whose attractions, added to an extremely healthful and exhilarating climate appeal to people of all tastes and inclinations.

There are more than 300 branches of the UNION BANK OF CANADA located in the most important cities and towns, each offering to the American traveler in the Dominion a complete banking service.

Travelers' Cheques and Travelers' Letters of Credit may be obtained at the New York Agency

Union Bank of Canada

Head Office, Winnipeg

New York Agency
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents
F. T. Short }

to; Emanuel Gerli, John J. Freschi, Mr. Kennedy and Mr. Biasutti.

Emilio L. Wirz, one of the general managers of the Banca Italiana di Sconto, made a special trip from Rome to arrange for the establishment of this new Italian-American trust company.

The Banca Italiana di Sconto, with which the Italian Discount and Trust Company will be affiliated, has a paid-up capital of 154,000,000 lire. Its deposits and current accounts on April 30, 1918, amounted to 1,632,001,661 lire. Senator Guglielmo Marconi, the inventor, is chairman of the board of directors of the bank.



National Bank of South Africa

RECENT cable advices to R. E. Saunders, Esq., New York agent of the National Bank of South Africa, gave the following information:

Adjourned annual meeting shareholders of National Bank of South Africa, Ltd., held here to-day, Hon. Hugh Crawford presiding. Chairman reviewed balance sheet

figures showing paid-up capital £2,850,000, reserve, £700,000; notes in circulation, £2,585,900; deposits, £32,138,000; cash assets, £8,555,000; investments, £4,756,000, written down to market value March 31, 1918; bills of exchange, £8,004,000; liquid assets, £21,300,000; bills discounted, loans, etc., £18,129,000. Substantial increase shown in all departments. Net available profits, including carry forward, £401,736, after allocating £50,000; reduction of bank premises and making full provision bad and doubtful debts, board recommends dividend six per cent., absorbing with interim dividend already paid £171,000; also recommended allocation £45,000 to pension fund and £150,000 reserve fund, making it £350,000, and increasing paid-up capital and reserve fund to £3,700,000, leaving £35,736 to carry forward. All these recommendations adopted. Chairman surveyed mining industries, dwelling also at length with gratification and great confidence upon farming and general industrial progress.



Information for Exporters

UNDER the title of "Collection Tariff," the Anglo-South American Bank, Ltd., has published a compre-

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	. \$7,500,000
Paid-up	. . . 3,250,000
Reserve Fund	. . . 3,000,000

BANKERS: Bank of England; London Joint-Stock Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

hensive booklet which thoroughly explains the various methods of financing shipments and also contains a great deal of other valuable information. The booklet is for gratuitous distribution to those interested in foreign trade.

The Anglo-South American Bank is in a strong position to assist American business men wishing to extend their foreign trade. Head office of the bank is in London, and besides the New York agency there is a Paris branch and numerous branches in Argentina, Chile, Uruguay and Spain.



Bad Debts and Depreciation of Investments

THE losses to British banks through bad debts and the writing down of investments have practically disappeared, which fact affords a welcome

compensation for increased costs of operation. Commenting on the course of banking in England during the past six months, the London "Bankers Magazine" says:

Expanding expenses have been the rule, but there are two items on the debit side of the accounts which have again favored the banks, these being bad debts and depreciation in investment. The former of these is now quite a negligible item, and promises to remain so so long as the war lasts, while for the first time for many years the latter (apart from the War Loans) probably disappears entirely from the profit and loss account unless it appears as a small item on the credit side in respect of the few short securities which have been realized in the period. Rigid though they are in the matter of writing off depreciation in investments as it occurs, it is not the bank's custom to take credit for any appreciation excepting where it has been actually secured by realization, but, as was also the case six months ago, there is no longer the necessity of writing off huge sums on account of dwindling security values, which in the past have impinged largely upon profits earned in other directions.



New Capital Issues in Great Britain

DURING the past half-year, says the London "Economist," Treasury sanction has been obtained for the issue of only a very small amount of new capital—£1,012,000 in the first quarter and £2,643,000 in the second quarter, making a total of £6,655,000 for the six months. Government borrowing, however, has been on a big scale. In the first quarter £171,246,700

NOYES & COMPANY

Established 1879

Foreign Bills
Government and Municipal Bonds

8, Place Edouard VII.

PARIS - FRANCE

Banque Populaire Suisse

ESTABLISHED 1869

22 BRANCHES

Paid-up Capital and Reserves, Francs 88,000,000



Head Office : BERNE

HEAD OFFICE :

BERNE, SWITZERLAND

Branches :

Basle, Delémont, Dietikon, Fribourg, Geneva, Lausanne, Montreux, Moutier, Porrentruy, Saignelégier, St. Gall, St. Imier, Thalwil, Tramelan, Uster, Wetzikon, Winterthur, Zurich, etc.

Deposit and Current Accounts Opened

**Letters of Credit and Travellers' Checks
Issued and Paid**

Bills Negotiated and Collected

**Special Care Given to Documentary
Collections**

Documentary and Cash Credits Opened

TELEGRAPHIC AND LETTER TRANSFERS MADE

FOREIGN EXCHANGE BOUGHT AND SOLD

Correspondence Solicited

was raised through the medium of National War Bonds and War Savings Certificates, and in the second quarter £218,278,500 was raised in the same way, making a total for the half-year of £689,525,200 issued by the Government and a grand total of £696,180,200. These figures do not include the amounts raised by the Government from the sale of Treasury bills, of which there has been a very slight increase in the amount outstanding in the half-year, or Temporary Advances on Ways and Means, which have increased by £52,000,000 in the six months.



Services of British Banks

RECENT discussion of the policy of bank amalgamations in England causes the London "Bankers Magazine" to make the following comment on the services which British banks have rendered in the past and which they are

likely to be called on to render in the future:

It may be that the war has revealed some shortcomings in our banks in so far as they may have failed in financing the requirements of the traders, or of the nation at large in the sense, for example, that German banks are supposed to have done. But one charge cannot be laid against them, namely, that of neglecting their responsibility to the depositors. In other words, the English banker may have been slow and old-fashioned, but his system has made for liquidity and for the easy transference of money in this or that direction. And this fact has, after all, established a reputation for this country in the matter of sound banking which is beyond all dispute. Therefore, in contemplating new enterprises and in endeavoring to make good any real or fancied deficiencies in the past, let us be careful that we do not throw away or even endanger this great reputation. And if we are to run no risk of doing that we would suggest that there are some safeguards which will have to be observed. One of these concerns itself with the question of the purchase of shares by one bank of another bank, or of the starting by a bank of a subsidiary concern in which it holds the capital. * * *

And finally, at a moment when the ten-

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches: STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 57 other
Places in Sweden

Capital Paid Up Kr. 30,000,000
Surplus Kr. 15,200,000
Resources About Kr. 305,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling

of their business on moderate terms

Inquiries and applications for terms are cordially invited and will And prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

dency—begotten no doubt of the experience of the war—is to consolidate the links of empire and increase our financial power abroad, we shall do well to remember that now, more perhaps than at any moment in our history, the prime duty of the banker will be to aid the forces of production within the country. Quite apart from the necessity which has been so amply revealed of our being more self-contained in the matter of food stuffs and so forth, the very fact that we shall start after the war with such adverse exchange conditions surely emphasizes the supreme necessity for production within the country on a scale to stimulate our exports, and gradually correct the adverse trade balance with which we shall start after the war. However enterprising and however profitable it may be through our closer connections with colonial and other banking institutions to finance transactions beyond the seas, it will be the first duty, even if not the most profitable one, of the banks to see to it that home industries of every kind are fostered. We would count ourselves among the last to underestimate what British banking has done in the past to make this country the great monetary centre, or to undervalue the benefits accruing therefrom. Nevertheless, the fact remains that we are living in a different world to-day, and our first task after the war will be to build up such a trade, both in the matter of production and in carrying on the seas, that it will be possible to resume our former position as the great monetary centre by reason of the sufficient trade balance in our favor to make it always possible for us to command the exchanges. It was because, relatively, our trade position had weakened considerably before the war that the London Money Market was already showing signs of a lack of supremacy even before the war broke out, and it now behooves bankers in this country to remember that the first task which lies before them, while maintaining our reputation for sound banking, is to see to it that home interests and home trade receive first and special consideration.

Honors to British Bankers

SERVICES rendered by leading bankers of the United Kingdom during the war are receiving official recognition, as may be learned from the following information published in the July issue of the London "Bankers Magazine":

On the expiry of Lord Cunliffe's fifth term of office as Governor of the Bank of England, both the clearing banks and the discount market made expression of their recognition of the services he had rendered during the war period to the nation's finances and of the manner in which the various sections of the financial framework of the country had been coördinated in the national interests. As we have already recorded, the discount market accompanied its address by a presentation of silver plate, but the presentation of the clearing banks had to be postponed, as it took the form of a silver inkstand which had to be made to a model chosen by Lord Cunliffe. The former presentation was made on June 11, at the Bankers Clearing House, when Mr. W. H. Goschen, the chairman, accompanied the gift by an expression of the esteem in which Lord Cunliffe was held by the banks as a whole. The inscription on the inkstand is as follows:

"Presented to Lord Cunliffe, Governor of the Bank of England, by the Committee of the London Clearing Bankers, in recognition of his guidance and cooperation during the Great War. 1914-1918."

The services rendered by the Bank of England to allied finance during the past four years have received fitting recognition at the hands of the French Government, who have conferred decorations upon the late governor, Sir Gordon Nairne, and Mr. E. M. Harvey. Lord Cunliffe has been made a Commander of the Legion of Honor, Sir Gordon Nairne an Officer of the Legion of Honor, and Mr. Harvey a Chevalier of the Legion of Honor, and permission to

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY.
President

K. M. VAN ZANDT, Jr.,
Vice-President and Manager

H. C. HEAD,
Cashier

FCO. COUDURIER,
Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED

TELEGRAPHIC TRANSFERS

Foreign Exchange

Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE
REPUBLIC OF MEXICO. P. O. Address: Apartado 1846.

wear these distinctions has been granted by the king. Lord Cunliffe has also been honored by the Emperor of Japan, who has conferred upon him the Cordon of the Order of the Rising Sun.



Honor Roll of the Bank of New South Wales

DIRECTORS of the Bank of New South Wales report that 701 members of the staff of that bank have enlisted for service with the military forces. The directors have tendered their sympathy on behalf of themselves and the shareholders to the relatives of many officers who have given up their lives in defense of the country.



Retirement After Long Service

AFTER nearly forty-two years of active service with the Union Bank of Australia, Ltd., John Dunbar, chief inspector of that bank, has retired. His successor is H. C. Skeet, acting chief inspector, lately inspector for Victoria, Tasmania, and South Australia, while G. W. Richmond, lately manager of the Perth branch of the bank, succeeds Mr. Skeet.

The following interesting sketch of Mr. Dunbar appears in the "Australasian Insurance and Banking Record:"

Mr. John Dunbar, who recently retired from the position of chief inspector of the

Union Bank of Australia Limited, after nearly forty-two years' service in that bank, has had a unique experience in having served the bank in every State of the Commonwealth, and also in New Zealand and Fiji, and it may be safely asserted that few, if any, men in Australia have traveled over a wider expanse of the continent, or have a more intimate knowledge of places and conditions.

Mr. Dunbar commenced his banking career at the age of 17, when he entered the service of the Aberdeen Town and County Bank, with whom he remained four years. In 1876 he received an appointment with the Union Bank of Australia Limited, and came out from London per steamship Somersetshire, arriving in August that year.

From July, 1892, until the beginning of 1904, Mr. Dunbar's activities were largely connected with the inspectorial work of the bank. In March of the latter year he was appointed to the management of the Adelaide branch, which position he held for about eight years until November, 1912, when he was appointed to the position of inspector for the divisions of Victoria, Tasmania, and South Australia, in which ca-

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

capacity he acted until the beginning of June, 1916, when he was promoted to the important position of chief inspector of the bank.



Banca Commerciale Italiana

RECENT advices to the New York agents of the Banca Commerciale Italiana (head office Milan) state that

on July 9 a resolution was passed providing for an increase of capital of the bank to 208,000,000 lire by the issue of 104,000 shares (lire 500 par) at 750 lire per share. The following new directors of the bank have been elected: Nabor Soliani, Giuseppe Bruzzione, Danto Ferraris, Guido Donegani and Ettore Conti.



Suggests the Postponing of State Elections

FROM a valued correspondent in Kansas comes the suggestion that the state elections to be held the coming fall be dispensed with, or at least postponed for another two years.

Very likely, in most cases, no substantial harm would result in permitting the existing state officers to hold over for two years longer, although it does not appear that the people will readily forego their biennial privilege of exercising the recall.

Probably the country could get along well enough, also, if the state legislatures would quit meeting so frequently. This suggestion, however, would trench upon a leading American industry—the manufacture of statutes.

Here is the letter of our Kansas correspondent:

CRESTLINE, Kan., July 26, 1918.

Editor, THE BANKERS MAGAZINE:

Sir: Allow me to disturb your serene moments with an idea which with me is original, although I doubt not that it has been thought of and possibly discussed by others.

The idea is to do away with the coming state elections, or at least to postpone them for two years or during the war.

It seems to me, Mr. Editor, that at this time, when the crying need is for efficiency and economy in all walks of life, when we are asked to forego all luxuries and sacrifice until it hurts, that it is no time to be put to the expense (and we all know how unnecessary and extravagant that expense is in all county, state and national elections) of holding the elections. Statistics will tell

you of the enormous expense it costs a state to hold a gubernatorial election. I believe that if we eliminate politics and judge fairly man to man we must agree that nearly every state in the Union is ably governed. There might be an exception, but in that case it is only an experiment, as you don't know whether the candidate will make a better executive or a worse one. And I contend that most of the inefficiency comes from inexperience.

What would you think of a bank that every year would elect a new president and he in turn would employ his particular friends and oust those who had become efficient but who must now step aside and find other employment and adjust themselves to other conditions and environments simply to allow the executive's friends a berth?

Take my own state for example. While of a different faith politically speaking than the present executive, yet I say that if there is in the State of Kansas a man big enough and with the ability to successfully steer the ship of state, then I say he ought to be busy helping our Government win this war; yes, so busy that he would not have time to run for office. If he is not busy in this war work, then there is something wrong in his makeup and it is time some of our good citizens were calling on him to account for his loyalty to his government, and to make him see conditions as they are.

I believe that if the editors of the leading newspapers and magazines over the country would take the matter up and submit it to their readers, public opinion would immediately insist on the above suggestion being carried out, and it could be put to a vote or a special act of Congress or whatever is necessary to make it legal to forego the elections for the time of the war.

Very sincerely yours,

F. D. SAGE,

Cashier Farmers and Miners State Bank.

Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	. . . .	President
DANIEL G. REID	. . . .	Vice President
CHAS. W. RIECKS	. . . .	Vice President
ERNEST STAUFFEN, Jr.	. . . .	Vice President
JOSEPH A. BOWER	. . . .	Vice President
JAMES G. BLAINE, Jr.	. . . .	Vice President
FREDERICK W. WALZ	. . . .	Cashier
FREDERICK P. McGLYNN	. . . .	Assistant Cashier
THEODORE C. HOVEY	. . . .	Assistant Cashier
LOUIS W. KNOWLES	. . . .	Assistant Cashier
SIDNEY W. NOYES	. . . .	Assistant Cashier
JOHN P. MAGUIRE	. . . .	Assistant Cashier

New Service Department for the First National Bank of Boston

THE First National Bank of Boston, which has outgrown all other New England banks, has introduced some excellent features in its methods and facilities while it has been growing in size and influence, but its latest accomplishment in that direction will probably be more far-reaching



CARL S. WELLS

Publicity Manager and Manager Commercial Service Department, First National Bank, Boston

in its effect than any other. It has established a commercial service department for the purpose of furnishing business men in all fields with information regarding actual business conditions throughout the world that will aid them at every step in their efforts to promote expansion. The bank does not

stop in this helpful work with its customers, but extends its privileges to all who wish to make use of the service.

The war will undoubtedly be followed by a great competitive struggle for business which will extend throughout the world. Previous to the war the United States made little effort to secure or extend foreign trade, having no great surplus of products above its own needs, with little or no shipping facilities of its own, and having made no concerted effort to compete with other nations in this field. The outbreak of the war changed this condition by creating demands upon the merchants and manufacturers of the United States for products which had hitherto been supplied by the countries of Europe. Germany was shut off from foreign business of every kind, and the other countries became occupied with their necessities for war supplies, and were obliged to neglect foreign trade.

The United States profited by this condition and a great expansion in the foreign trade of the country was the result, although some curtailment has taken place since the United States has become a participant in the war. When normal conditions are resumed, however, the United States will be a more important factor in foreign trade than ever before, and the Commercial Service Department of the First National Bank of Boston will enable the business men of the country to obtain such information concerning market conditions and opportunities as will help them to compete on favorable terms with concerns in other countries which enjoy the advantages of greater experience.

The mission of the department is to collect trade and financial information along all lines of commerce and industry, and its field is the wide world. This information is placed in intelligi-

ble shape at the disposal of all those who can make use of it. The department will be thoroughly equipped and will endeavor to answer promptly and accurately any inquiries concerning business conditions, and also to counsel business men regarding the opening of new fields for their products, the character of products demanded and the methods of conducting business in foreign countries. The bank has a branch bank at Buenos Aires, besides extensive connections and correspondents throughout the world, which gives it a decided advantage in the matter of obtaining valuable information on all lines. It is also prepared to assist business men in obtaining reliable foreign representatives.

The First National Bank of Boston

is now known as the Big New England Bank, and its establishment of this department is simply another rise in its substantial development. It is indicating unmistakably that the bank treats its own prosperity as identical with that of its customers. It takes the broad ground that the functions of a banking institution are not confined to mere financial operations, but that in order to accomplish the greatest measure of usefulness to its customers and the public generally, the institution should do everything in its power to encourage and stimulate business expansion along legitimate lines.

The department will be under the management of Carl S. Wells, who will be aided by an experienced and competent staff.

Chapin National Bank, Springfield, Massachusetts

BACK in 1872 Chester W. Chapin, a gentleman of sound judgment and keen foresight, founded a banking and trust company in Springfield, which grew and prospered, keeping pace with the growth of the city, until 1879, when it was reorganized as the Chapin National Bank.

The old home of the bank at Main and Lyman streets, Springfield, served its purposes until recently, when President H. A. Woodward and the directors canvassed the situation thoroughly, moved the bank into temporary quarters, tore down the old building and started the erection of a new banking-house. Mowbray & Uffinger of New York were called in as architects, and the contract for the erection of the building was awarded to Fred T. Ley & Co., of Springfield. The work proceeded smoothly, and a few months ago the completed building was occupied by the bank.



New Building of the Chapin National Bank,
Springfield, Mass.

Architecturally the bank has set a high standard. Its light gray granite walls, ornamented with pilasters and Doric columns, conform to the best in Greek classic design. The building is occupied entirely by the bank and the comfort and convenience of its customers have been given the utmost consideration. The interior of the main banking-room is impressive in its simple dignity. Broad windows run practically to its full height and the side walls are plastered with a quiet-toned stone cement, effectually setting off the Verdello marble, bronze and plate glass of the bank screens, the marble flooring and the English oak cabinet work.

A bronze statue of Deacon Samuel Chapin, an ancestor of the founder, occupies the center of the public space, flanked by marble and bronze check desks for the use of customers. The executive offices are at the front and are finished and furnished richly and harmoniously, as is also the commodious di-

rectors' room in the basement. Marble, glass, bronze and attractive furnishings have been used with excellent taste in the equipment of a department for the women customers of the bank.

Particular attention has been given to the vault and safe-deposit department. The great vault, weighing over thirty tons, is so placed as to be clear on all sides. The entrance is protected by a massive door and heavy steel gates, augmented by modern time and safety locking devices.

The arrangement of the working spaces of the bank is admirable in every particular and the work of caring for the rapidly growing business is greatly facilitated by a full equipment of modern office systems and labor-saving machines.

The officers of the bank are H. A. Woodward, president; John C. Kematter, vice-president; Harry Wells, cashier.

New Pittsburg (Kan.) Bank Building

WHEN the depositors and friends of the First State Bank of Pittsburg, Kansas, visited the new quarters of that institution on its opening last month, they found an edifice and a banking room among the finest in this part of the country.

The exterior of the handsome structure, carried out in the pure Roman-Doric style of architecture, is a dignified, striking and stalwart individual bank building, and seems truly to symbolize the business of finance. The front on Broadway, with its four massive engaged columns which carry moulded caps and bases, surmounted by a massive parapet on which are carved stone central garlands and side pieces, lends an appearance of splendid strength and beauty.

Once inside, the visitor finds a spacious, excellently lighted banking room, a temple of marble, bronze, tile and mahogany, with a simple and chaste treatment of the walls in blue and gray tones. The whole interior is designed in harmony with the exterior. The ceiling has been broken into panels by massive beams running from side to side. These beams are supported on pilasters, which provide a panel treatment for the sidewalls. The counter-screen and check stands are of marble and bronze.

Hoggson Brothers, who specialize in bank building, have given their best thought and attention to the efficient layout of the banking room. Surely there seems to be no waste space, yet the room is commodious; everything



This striking home of the First State Bank of Pittsburg, Kansas, planned, built and equipped by Hoggson Brothers, marks a long step forward in the progress of that institution, as well as in the commercial development of the city of Pittsburg

seems right at hand so that the customers may be served with the utmost promptness and business carried on with greatest dispatch.

The vault, manufactured by the York Safe & Lock Company especially for Hoggson Brothers, for installation in the First State Bank, represents the last word in vault construction.

The history of the First State Bank has been one of steady and consistent growth. The bank was organized in 1903 by the late James Patmor, then

the senior banker of Crawford County in point of number of years actively engaged in the banking business. The bank was organized with a capital of \$25,000.

James Patmor died December 15, 1909, and Jay N. Patmor, his son, who had been cashier, was elected to the presidency of the bank in January, 1910. C. G. Henderlieder became cashier at the time. Mrs. Bertha A. Patmor, widow of the founder of the bank, is vice-president.

The First State Bank increased its capital from \$25,000 to \$50,000 on March 16, 1912, and created a surplus of \$25,000. The resources of the bank are now \$350,000.

The splendid new quarters of the First State Bank mark a new epoch not only in the banking history of Pittsburg, but as well of the general commercial affairs of this city. It marks the achievement of a desired business

Texas Bank Erecting a Handsome Business Home

ACTIVE work is now well under way on the new building being erected for the First National Bank of Bryan, Texas, by Hoggson Brothers, the New York and Atlanta bank planning specialists, and when the new structure is completed the First National Bank will have a handsome home



Distinctive individual Italian Renaissance bank building under construction by Hoggson Brothers, Builders, New York, Chicago and Atlanta, for the First National Bank of Bryan, Texas

growth which has been long looked forward to by the directors, officers and patrons of the bank. The culmination of that business advance which spells success is a source of congratulation to the interests which are responsible for that success, as well as to the city which has made this particular phase of commercial development possible.

that will rank with any like financial edifice in the State of Texas.

The structure follows in design the chaste and dignified but beautiful Italian Renaissance style of architecture. The front will be constructed of Indiana limestone, while the side will be carried out in a rusticated brick treatment, relieved by great arched windows.

The banking room itself will be com-

modious, convenient and comfortable. It almost goes without saying that Hoggson Brothers have given their best thought to the scientific and efficient layout and arrangement of the quarters, and have made provisions for the installation of those numerous labor and time-saving devices so essential to properly conducting the intricate banking business of today.

The First National Bank is a thriv-

ing, prosperous institution of more than thirty years' standing. Its deposits now are \$6,200,000, while its surplus and undivided profits amount to about \$175,000. The present officers are: H. O. Boatwright, president; L. I. McInnis, vice-president and cashier; G. M. Bryan, Jr., vice-president; W. P. Bryan, E. Jones and T. B. Bryan, assistant cashiers.



New Bank Examiners

THE Comptroller of the Currency announces the appointment of the following Chief National Bank Examiners for the First, Ninth and Twelfth Federal Reserve Districts:

Federal Reserve District No. 1.—Daniel C. Mulloney, Chief National Bank Examiner, headquarters Boston.

Federal Reserve District No. 9.—Fred Brown, Chief National Bank Examiner, headquarters Minneapolis.

Federal Reserve District No. 12.—Walter E. Wilcox, Chief National Bank Examiner, headquarters San Francisco.

Chief Examiner Daniel C. Mulloney of Maine was appointed as a National Bank Examiner on February 21, 1913. For some years prior to his appointment as examiner he had been attached to the Comptroller's office at Washington. Upon appointment he was first assigned to the State of Maine and later was given an assignment of banks in the larger cities (other than New York city) in the states of New York and New Jersey. On January 1, 1918, following the resignation of former Chief Examiner James D. Brennan,

Mr. Mulloney was appointed Acting Chief National Bank Examiner for the First District.

Chief Examiner Fred Brown, native of Colorado, was appointed a National Bank Examiner December 1, 1911. Prior to his appointment he had had seventeen years' banking experience in the State of Idaho, to which state he was assigned as examiner. On January 1, 1918, Mr. Brown was appointed as Acting Chief National Banking Examiner for the Ninth District, succeeding Mr. P. M. Kerst, resigned.

Chief Examiner Walter E. Wilcox was commissioned as a National Bank Examiner on January 30, 1911, having previously been cashier of a national bank in Kansas. He was first assigned to a district in Kansas, but later was designated as examiner-at-large to undertake special work, and subsequently was placed in charge of the Los Angeles, Cal., territory. On February 20, 1918, Mr. Wilcox was appointed as Acting Chief Examiner for the Twelfth District, succeeding Mr. Claud Gatch, resigned.



Investment Bankers' Association Convention

THE seventh annual convention of the Investment Bankers' Association of America will be held in St. Louis November 18, 19 and 20. This was decided upon at a conference re-

cently held in St. Louis at which were present Warren S. Hayden, president of the association; F. E. Fenton, secretary; W. E. Compton and the local convention committee.



The building owned and occupied by Peirce School is seven stories in height, facing on three sides. No artificial light is required during the day.

On the first floor are the business offices of the school, the waiting-room, the library and the assembly-hall. The various schoolrooms are on the second, third, fourth and fifth floors. The fourth floor contains the reading-room, lunch-rooms and kitchens. The fifth floor contains the ladies' cloak-room, the gymnasium locker-room, and two bowling-alleys, while the gymnasium and running-track occupy the sixth and seventh floors. The cage over the roof encloses a tennis-court of regulation size.

Peirce School of Business Administration

A Training School for Future Business Men, Also for Business Women

IT is shown by commercial agencies and by other statistical organizations that a majority of business enterprises result in eventual loss and failure. The actual figures are so large as to be almost incredible.

The same authorities also state that in nearly every case the cause may be traced to a violation of the underlying principles of business, such as overtrading; that is, doing more business than is warranted by the capital invested, unwise granting of credits, careless purchasing, failure to make proper banking arrangements, and the lack of an adequate accounting system. The average business man learns all of these things by experience; but, by the time he gets the experience, someone else may have his money, and it will then be too late.

Why should not special training be as necessary for business as for a profession or a trade? The professional man must spend long years in study before being allowed to practise, and the mechanic must learn his trade before he can qualify as a journeyman.

DEVELOPMENT OF COMMERCIAL EDUCATION

Commercial education is not such a new thing as educators sometimes suppose. The earliest use of the word "commercial" in connection with a school or college is shrouded in the mists of uncertainty. Macaulay, in his Essay on Warren Hastings, states that the famous Englishman, in 1749, was "removed from Westminster School and placed for a few months at a commercial academy to study arithmetic and bookkeeping." So it would seem that



LOUIS B. MOFFETT
Director of Peirce School

the fundamental idea is at least nearly two centuries old.

There is little record of any systematic effort towards commercial education in this country until the period from 1855 to 1865. During that time a number of private commercial schools were established, some of which are still in existence, having grown into flourishing institutions, which by their works have thoroughly justified themselves.

The courses of study were at first but little more elaborate than that which was taken by the eminent admin-



The Waiting-room

istrator of the Indian Empire above mentioned. They were strong in book-keeping, as well as in arithmetic and penmanship, but perhaps the saving grace of the schools of that period was their insistence upon spelling, letter-writing, arithmetic and rapid calculation, subjects in which the public schools sometimes fail to be as thorough as they should be, for the most essential element in education is a good foundation in English and in arithmetic.

The development of the commercial school has kept pace with that in other lines of educational work, and the leading commercial schools of the present bear but little resemblance to their early progenitors. Their courses of study are broad and comprehensive, and rank easily with those of the best high schools. Their English courses are fully as strong, while such subjects as book-keeping, accounting, banking, commercial law, political economy, etc., take the place of chemistry, trigonometry, French, German and other so-called

high school subjects. The courses of some business schools are still more advanced, and may be taken with profit even by graduates of colleges and universities.

During the past few years, commercial courses have been introduced into nearly every high school in the country; but, unfortunately, many public school men still cling to the idea that a commercial training means simply book-keeping, shorthand and typewriting. These subjects are but the tools used by the beginner in business, and a knowledge of them alone can not be said to constitute a business training.

VALUE OF SPECIAL TRAINING FOR BUSINESS

A well-rounded course in business administration, such as is found in the Peirce School of Business Administration in Philadelphia, gives the prospective business man a knowledge of banking, and of stocks, bonds and other investments. It teaches him how to



The Main Corridor on the First Floor

finance his business enterprises, how to determine his costs and his selling-prices and how to keep his books of account so that he may at any time know the actual condition of his business.

Every business man should understand bookkeeping. Without this knowledge, he can not properly read his own balance-sheets. There are bank directors who do not fully understand what their own bank statements mean, and yet these men, as directors, are asked to pass upon applications for loans where the decision must rest upon a balance-sheet submitted by the applicant. There are young men and young women who will inherit wealth, and yet know but very little of investments. Business training is very necessary here, for it seems more difficult to keep money than to earn it.

In a course of this kind, the prospective business man is trained in the art of writing business-producing letters. He also makes a study of laws regarding contracts, commercial paper, real estate and other things with which he

will meet daily in his business life. Under the head of commerce and transportation, he will acquire a knowledge of markets, railways and steamship lines, sources of production, etc., all of which will enlarge his vision as a business man. The course qualifies the student for an immediate position in a business house, and gives him the training which enables him to advance rapidly to posts of greater responsibility. Within ten years after graduation from a course such as is outlined above, the majority of the graduates are either in business for themselves or are officials or executives of large corporations. The percentage of actual success is large.

BUSINESS EDUCATION FOR WOMEN

Commercial schools in this country opened their doors to women from the very beginning, but not until the advantages of shorthand for business purposes became apparent—about thirty-five years ago—did young women begin to see the opportunities in business life which were open to them.



Reading-Room

Secretarial work is now the most desirable occupation which is open to them. The duties are pleasant, the hours of employment reasonable, and the remuneration, even to those of average ability, is good, while those of more than average ability or industry command salaries which are unattainable in other lines of work. Such employment is more desirable in many ways than teaching, which was formerly looked upon as the only calling suitable for young women of education and refinement. To-day, the remuneration of an ordinary amanuensis exceeds that of the average teacher, her income continues throughout the entire year, not being limited to a term of from six to ten months; while well-trained secretaries receive salaries which exceed even those of school principals. The position of private secretary carries with it not only an attractive salary, but also much dignity. Women seem peculiarly fitted to fill such positions when properly trained. Their alertness, willingness and loyalty are seldom

called into question, and they are among the most valued and highly paid employees.

Secretarial work is particularly attractive to college-trained young women, for they find in the problems of business the mental stimulus which is lacking in other occupations. Many of these young women have developed into business executives of the first rank.

Conditions caused by the war are leading many young women to take commercial and secretarial courses, who would ordinarily not have done so. There is a feeling in the air on the part of the average young woman that she would like to be able to do something useful. A secretarial course will prepare her for work—either for a position in her father's business office or in some other business establishment, or will qualify her to do special work for the Red Cross or other benevolent organizations, or for the Government service.

From simply a useful factor in the



One of the Rooms in the Secretarial Department

world of business, women have come to be absolutely indispensable, and, as in other lines of work, the largest rewards go to those who are the best qualified.

SKETCH OF THE SCHOOL

The Peirce School of Business Administration in Philadelphia was established in 1865, and is now perhaps the best-known school of its kind in the country. It has an annual enrollment of about 2,500 students, drawn from every state in the Union, and from Central and South America. In 1915 it celebrated its fiftieth anniversary by moving into its new building, at the corner of Pine and Carlisle streets, which is one of the most completely appointed private school buildings in the country.

COURSE IN BANKING

The course in banking at Peirce School is particularly strong. A special commission which was recently sent by Spain to study the manner in which

banking is taught in this country, said that Peirce School gave the best course in this subject which they were able to find. More than 300 of its graduates are now bank or trust company officials, the list including such well-known bankers as E. T. Stotesbury, head of the house of Drexel and Company, of Philadelphia, and member of the firm of J. P. Morgan and Company, of New York. Mr. Stotesbury was one of the earliest students of Peirce School.

Peirce School is represented in the war by over one thousand of its boys who are to be found in all branches of the service. In the Army they occupy every rank from Brigadier-General down, and nearly every grade is represented in the Navy and the Marine Corps. Those who have received their commissions said that they found their Peirce training of great value in mastering the "paper work" and in taking the examinations.

The school itself, under war conditions, is a hive of industry. The young



Gymnasium Class Exercising on the Roof

women formed themselves into a Comfort Kit Club, with the object of equipping every Peirce boy who goes to the front with a complete outfit of comforts, including sweater, leather vest, etc. Special committees have in charge the sale of Liberty Bonds and of War Savings Stamps. The roof of the building is

used for drill purposes, the auditorium is used by the General Committee of the Red Cross, special classes are conducted for enlisted men in the service who desire to prepare for examinations for commissions, and, in every way possible, Peirce School is helping along to the limits of its ability.



New Home of the Union National Bank, Newark, N. J.

WHEN a bank possesses, as in this case, a home which combines all the best requirements of modern bank designing and equipment, it offers an especially fine opportunity for pictorial treatment—an opportunity which has

been utilized to the fullest extent in the volume which the Union National Bank of Newark, N. J., has recently issued. From this book you are certain to receive a good impression of the institution itself, for a bank that

shows so much taste and forethought in the construction and arrangement of its quarters gives evidence of a management that is both wise and alert.

Few publications illustrative and descriptive of banking quarters have reached the standard of excellence which marks every page of this book. The choice of subjects for illustration, the excellence of the cuts, the fine press work and typography, the paper and the binding all combine to make a book of rare beauty, fittingly presenting the character of the institution.

Only a single example of the illustrative treatment is presented herewith—a section of the ladies' room. In this **MAGAZINE** for January last there appeared a description of this new banking home, suitably illustrated.



Section of Ladies' Room, Union National Bank,
Newark, N. J.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Blize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.

Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
 Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.
 Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
 Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
 Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
 Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
 Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
 Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
 Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
 Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
 Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
 Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., First National Bank, Lakeland, Fla.
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
 McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.

Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

American National Bank, Pendleton, Oregon.
 Raven, F. J., American Oriental Banking Corporation, Shanghai, China.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

Irving National Bank Gets First Premium For Advertising Exhibit

THE Irving National Bank of New York has been awarded first prize by the Associated Advertising Clubs of the World in their convention at San Francisco for the year's best advertising and publicity display and also for the best single piece of copy in the entire exhibit.

In awarding the prize, the judges said: "We want to say that this award was made to the Irving by reason of the

over to the American Institute of Banking at San Francisco for display in their rooms.

Simultaneously with the opening of the convention of the Associated Advertising Clubs of the World, in San Francisco, the Irving National Bank put on display in their banking rooms in the Woolworth building a duplicate of the exhibition which they are showing at the advertising convention.



Section of the advertising exhibit of the Irving National Bank which took first premium at the recent convention of the World's Advertising Clubs at San Francisco

magnificent completeness of its display. Too much praise cannot be given to Irving for the thoroughness with which they have taken up and carried out their department of advertising, and also the committee wants to compliment the Irving upon the exceptional way in which its advertising was displayed."

The judges also recommended that in the future American banks follow the Irving style of arranging exhibits.

The exhibit as a whole was turned

This display is especially interesting as an example of the many valuable contributions to public thought on industrial and financial subjects, which this bank is making through books, pamphlets and announcements in magazines and newspapers. Throughout the entire year all of these contributions have been based on a definite plan to further the commercial life of the country, as the Irving is "strictly a commercial bank, national and interna-

tional." How well this has been done is shown by a chart which visualizes all of the various activities and shows how they have all worked toward more prosperous commercial life.

One of the most interesting features of the exhibition is a panel of eighteen different pamphlets covering various questions directly related to national prosperity. "Federal Tax Laws," "War Time Finances," "The Relation of Industrial Chemistry to Banking," "Government Loans and Inflation" are a few of the titles and give an idea of the scope and importance of this work.

These books have covered their respective subjects in such a comprehensive and interesting fashion that several of them are used as text-books by colleges and universities. There has been a constant demand for all of these books by the heads of large corporations who wish to keep in touch with changing developments in the business world.

The trade acceptance method which is attaining such widespread, commercial indorsement is given extensive space. Booklets on the trade acceptance printed by the Irving, or reprinted on request of leading commercial and industrial organizations are shown, together with the methods of gaining more widespread interest in this new and sounder method of collection practice.

In another section, examples are shown of the work which the Irving is doing to develop trade with South America. Their book, "Trading with Latin America," has been a material assistance to many businesses in developing export trade. This book is an exhaustive study of the conditions in South America and is filled with practical suggestions to build up successful export business. Requests for this book have been received from nearly 10,000 business executives.

Another part of the exhibition shows the arrangements made by the Irving to enable the members of our Expeditionary Forces to cash in France their personal checks on their own home bank. The section showing the activities of the Irving in advertising the Liberty Loans is of particular interest.

Bankers, legislators and business men are also much interested in the maps showing the different state laws in regard to negotiable instruments. Several state legislatures have asked that copies of these maps be sent to all members when they were considering the question of negotiable instruments.

In the convention of the Associated Advertising Clubs of the World held last year the exhibit of the Irving National Bank was awarded first prize in the Financial Advertisers Association. This year the exhibit of the Irving is even more complete and comprehensive.



Increase in Postal Bank Maximum

THE maximum amount of money which a depositor may have in a postal savings bank has been increased to \$2,500, according to a notification from the Postoffice Department in

Washington. The limit was raised from \$1,000 by a provision of the Postal Service Appropriation act for 1919, which became effective July 2. The original maximum of \$500 was increased to \$1,000 in May, 1917.

Membership in Federal Reserve System

By **FRANK W. BLAIR**, Ex-President Michigan Bankers Association,
President Union Trust Company, Detroit

FOR nearly four years nothing has interested the bankers of this country so much as the Federal Reserve System and its development. There is no disagreement and no room for disagreement as to the great work it has accomplished. It was the one measure of preparedness that antedated the war, and it was still the one measure of preparedness that antedated our entrance into war. It is unnecessary to give the details of what has been done. The country very fortunately had a scientific banking system and one that has worked in a scientific way. The coordinating of banking power and the development and making usable of the nation's whole banking strength are undeniably desirable now and may be as undeniably necessary a little later. The institutions within the Reserve System have, however, no particular monopoly of patriotism and those without the system have, in fact, contributed their proportion of money and service to the country, as freely and as loyally as the others.

A COMMERCIAL BANKING SYSTEM

The edict has gone forth from high places, that every eligible bank is in duty bound to join the Reserve System and by every "eligible bank" seems to be meant every financial institution whose capital meets the requirements of the law. It is pointed out that the Federal Reserve Act has been so amended as to make the membership of state banks and trust companies easy and the conditions simple. They may, for instance, withdraw when the war is over (provided, of course, too many of them do not want to get out at the



FRANK W. BLAIR

Ex-President Michigan Bankers Association,
President Union Trust Company, Detroit

same time); they are not subject to the gentle ministrations of the Comptroller of the Currency, except as he acts through the Federal Reserve Board of which he is ex-officio a member, etc. Under the influence of patriotism and the lash of an uninformed public opinion, and undoubtedly for other reasons, a good many of the larger state banks and trust companies have joined the system. But I must take exception to

the disposition to measure a bank's patriotism by its attitude toward the Reserve System. The reasons why some thousands of state chartered institutions have not entered the system are many and cogent. An impressive one is that the Reserve System is a commercial banking system. It was properly designed as a commercial banking system. It has facilities for dealing only with commercial banks. It is a serious aspect of the financial situation that the Federal Reserve Banks are compelled to deal in Government bonds. There is no remedy for it and no way out of it, but no banker, with a keen understanding of the difference between commercial and investment banking, can look at the situation without misgivings as to the consequences. On the other side stands the stark argument that we must win the war. If we cannot and do not, it matters little what happens to any bank or banking system.

But facing as we do this threat to the resources of the Federal Reserve Banks, by investment operations even in Government securities, how will it strengthen the situation to add to their burdens by imposing upon them the membership of banks which do little or no commercial business. Under present conditions these small state banks, savings banks and trust companies are serving their communities, aiding business, helping to sell Liberty Bonds, promoting thrift and savings, all without directly aligning themselves with the Reserve System. They have little to add to that system's strength and nothing to get from it. And yet they are under constant bombardment.

In this state trust companies cannot do a banking business. In New York, New England and Pennsylvania mutual savings banks have no capital stock. In the agricultural west thousands of state banks never get any paper of the kind classed as eligible for rediscount. No such institutions can confer benefits on or get advantages for their customers or themselves from

the Reserve System without changes in business customs or state laws, or both.

REAL BANKING POWER

I have been greatly mystified by the expression "eligible state banks." Is eligibility for a bank to be determined by Congress or the Federal Reserve Board without hearing the bank affected? Is it to be defined and determined regardless of the provisions and inhibitions of state law? Are we to accept as gospel the statement that the banking power of the country is to be increased by adding to the Reserve System banks which can give to the Reserve System only what they themselves lose, and can get nothing from the Reserve System, because it has nothing to give them? Are we to measure banking power, as the Comptroller of the Currency does, by what the banks owe? Is not real banking power determined by the capacity of banks to accommodate their customers? If real banking power is this capacity to accommodate customers and so keep business going, the banks which cannot have this capacity insured or increased by membership in the Reserve System have no reason, patriotic or selfish, for joining it. By this I do not mean to say that a single, uniform and unified system of banking is not theoretically desirable. It may even be practically desirable; but banking systems, uniform or otherwise, are not made in a day. Too many elements enter into them—too many elements removed from the field of banking. Before many hundreds of state banks and trust companies can get from and give to the Reserve System worth-while advantages, business must provide for them paper eligible for rediscount. The movement to increase the use of trade acceptance is in this direction, and should receive encouragement. State banking laws will have to be revised and, first of all, it will have to be determined whether or not a single banking system is best.

Council of State Bankers

THE United States Council of State Banking Associations was formed at a meeting held in St. Louis last month, whose objects, according to the statement put forth at the time of organization "shall be to promote the general efficiency and welfare of the American banking system, to obtain coöperation between states and with the national Government in securing sound and uniform legislation, both state and national, and to bring about a general strengthening of the banking, financial and general economic condition of the nation."

The following preamble and resolutions more fully state the purposes of the United States Council of State Banking Associations:

"Whereas, The extraordinary conditions through which the world is now passing have developed new problems and greater responsibilities which must be met and solved by the bankers of the United States, and fully realizing that the welfare of the nation can best be served by the fullest extension of both the national and state bank systems, neither system conflicting with the other, but each coöperating with and assisting the other in financing the war, in developing our natural resources and in extending our commerce; therefore, be it

"Resolved, That we recommend that state banks, trust companies and private banks, savings banks, located in the several states form a state organization for the purpose of conserving and protecting those local privileges and interests which have been developed and become inherent in state financial institutions; and for the further purpose of securing such legislation as may be necessary to perfect the state banking systems.

"It is not the purpose of this association to oppose or in any way antagonize

the Federal Reserve System as at present constituted, but it is our desire to aid and assist the Federal Reserve Board in every way possible for the promotion of safe and sound banking;

"That this council coöperate with the American Bankers Association and the

WILLIS H. BOOTH
President United States Council of State
Banking Associations

bankers associations of the several states in all matters affecting banking interests, and it is not our purpose to withdraw in any way support from either of said associations;

"That we renew and redeclare our allegiance to Woodrow Wilson, the commander in chief of our army and navy. We pledge 'all that we are and all that we have' to a victorious termina-

tion of the great conflict between mediæval autocracy and the free people of the world. In our organized capacity we stand ready to respond in the future as state banks have responded in the past to every call made by our Government for either moral support or financial aid;

"That the secretary of this association be and he is directed to forward a



FRANCIS H. SISSON

Secretary the United States Council of State Banking Associations, Vice-President Guaranty Trust Company, New York

copy of these resolutions to the President of the United States and to the Secretary of the Treasury; also a copy to the president of the American Bankers Association and to the president of the several state banking associations and to the chairman of the Federal Reserve Board."

Officers and members of the executive committee of the new organization are:

President, W. H. Booth, vice-president Security Trust and Savings Bank, Los Angeles, Cal.

Vice-Presidents, William Macferran, president State Savings Bank, Topeka, Kan.; George W. Rogers, vice-president Bank of Little Rock, Little Rock, Ark.

Secretary—Francis H. Sisson, vice-president Guaranty Trust Company, New York.

Treasurer—Wm. B. Boulton, Morristown, N. J.

The executive committee is composed of the following:

First District—Albert O. Brown, treasurer Amoskeag Savings Bank, Manchester, N. H.

Second District—Charles H. Sabin, president Guaranty Trust Company of New York.

Third District—George H. Earle, Jr., president Finance Company of Philadelphia.

Fourth District—Malcolm McGiffin, president Fidelity Title and Trust Company, Pittsburgh.

Fifth District—Emory L. Coblenz, president Central Trust Company, Frederick, Md.

Sixth District—Forrest Lake, president Seminole County Bank, Sanford, Fla.

Seventh District—H. A. Moehlenpah, president Citizens Bank, Clinton, Wis.

Eighth District—Charles C. McCain, vice-president and secretary Bankers Trust Company, Little Rock, Ark.

Ninth District—George G. Johnson, vice-president First and People's State Bank, Thief River Falls, Minn.

Tenth District—Charles L. Engle, president Commercial Bank, El Reno, Okla.

Eleventh District—Travis Oliver, vice-president Central Savings Bank and Trust Company, Monroe, La.

Twelfth District—John S. Drum, president Savings Union Bank and Trust Company, San Francisco.

Women Found Efficient Bank Helpers

DISCUSSING its experience with women employees, the Northwestern National Bank of Minneapolis says:

At the present early period of the feminine incursion women are found to be successful at remittance, statement and machine work (the operation of adding machines, addressographs, statement machines and typewriters) and bookkeeping. With a woman's greater tact she should be especially successful in meeting the public—window work of various kinds—though this involves a much more thorough banking experience than most of them now possess. The field of stenography has always been left largely to women, due probably to their greater respect for the appearance of the typed page, and a better training in English. With a greater variety of opportunities now opening, it will be interesting to observe whether this class of employee will care to strive for positions carrying a greater responsibility.

Bank work in some departments requires considerable physical and nervous endurance, and subjected to this strain men are

naturally superior. They have been found to be able to work more efficiently and faster under pressure, and for this reason more women than men are required in these departments in the large banks. The proportion is about three to two, though some banks place it at five to four, and others four to three. In positions that do not present these tense intermittent demands, the work of women is generally equal to that of men in quantity and quality, and is sometimes better.

On the whole, the employment of women in banks has been successful. Women applicants for positions usually have the advantage of men in education. The twenty largest banks in Minneapolis, St. Paul, and Duluth employ 1,613 clerks. Fourteen of these banks report that the general educational qualifications of women applicants for positions are higher than those of men applicants; four report that they are about the same or no higher; two do not answer on this point. Local bankers may be interested in knowing that sixty-five banks in the three cities mentioned are at present employing 1,910 clerks. Five hundred and ninety-nine of these are women.



Things Complained of by Business Men

By OTTO H. KAHN

WHAT we business men protest against is ignorance, shallow thought or doctrinairism assuming the place belonging to expert opinion and tested practical ability.

We protest against sophomorphism rampant, strutting about in the cloak of superior knowledge, mischievously and noisily, to the disturbance of quiet and orderly mental processes and sane progress.

We protest against sentimental, unseasoned, intolerant and cocksure "advanced thinkers" being given leave to set the world by the ears and with their strident and ceaseless voices to drown the views of those who are too busy doing to indulge in much talking.

And, finally, do we protest against demagogism, envy and prejudice, camouflaging under the flag of war necessity and social justice in order to wage a campaign through inflammatory

appeal, misstatement and specious reasoning to punish success, despoil capital and harass business.

We impugn the presumption that men who, mostly from small beginnings, have fought their way to the top after having passed through the hard and searching test and discipline of business, are to be ignored or distrusted in the shaping of the industrial and economic policies of the country, because of alleged incapacity or unwillingness to take a broad, enlightened and patriotic view of national questions directly or indirectly affecting their own interests.

We deny the suggestion that patriotism, virtue, and knowledge reside primarily with those who have been unsuccessful, those who have no practical experience of business or, be it said with all respect, with those who are politicians or office holders.

Present Situation Inspiring

By GATES W. McGARRAH, President Mechanics and Metals
National Bank, New York

THERE is a wonderful inspiration to be gained from what is going on to-day in every section of the United States. The war fervor, which last year demonstrated itself so much in the expression of noble sentiments, is now demonstrated to such an extent



GATES W. McGARRAH
President Mechanics and Metals National Bank,
New York

in practical and effective war activities that at times the transformation seems incredible. America has discovered that its power is greater than it ever knew.

In the industrial sections of the country, ships, guns, shells and the manifold

tools of war are being fashioned in enormous quantities. Many of us in these sections have been too intent upon our own affairs to pay more than passing attention to what other sections have been about. Many of us failed to fully esteem, until the time of the Third Liberty Loan, the splendid manner in which the West had come to realize the responsibilities of the war. And more recently many of us failed to take full account of the manner in which the West has risen to meet one of its chief responsibilities—that of developing its agricultural activities to the utmost.

It is to America's food as well as its military aid that the nations are chiefly looking this year, for herein lies essentially not only the hope but the certainty of victory. Barring an unforeseen calamity, our harvests of 1918 will be the greatest of all history, and the energy of the American farmer in overcoming the loss of tens of thousands of men to the army, planting withal a greater crop area than ever before, commands our deep appreciation.

The fact that the business of the country is being carried on under the heavy stress of an enormous volume, together with the promise of record crops, indicates, from a banking viewpoint, a strong demand for money in the months ahead. The United States Treasury is borrowing extensively on certificates of indebtedness and will continue to do so until the Fourth Liberty Loan is offered. It would seem therefore the part of wisdom for bankers to study the money situation with the utmost care, and act courageously but with caution.

Bank Men Honored

PART of the Associated Advertising Clubs of the World—whose annual convention was held at San Francisco last month—consists of the Financial Advertisers Association. At the San Francisco meeting this latter organization discussed many subjects of interest to bank publicity men. Some of these discussions it is hoped to present in a subsequent number of *THE BANKERS MAGAZINE*.

In choosing its officers the Financial Advertisers Association selected some of the best-known bank publicity men in the country as may be seen from the names and portraits presented below.

Mr. Morehouse is assistant cashier of the Guaranty Trust and Savings Bank

of Los Angeles, and the author of books showing how the business of banks may be increased through the right kind of advertising. His election to the presidency of the Financial Advertisers Association is a deserved recognition of his industry and ability. He ranks as one of the successful bank advertising men of the country.

Mr. Ellsworth, as publicity manager in Chicago and New York, attained a reputation second to no man in the United States. He is now vice-president of the Hibernia Bank and Trust Company, New Orleans.

Mr. Robbins is head of the investment firm of H. D. Robbins & Co., New York. From 1905 to 1915 he had



W. R. MOREHOUSE

The new President of the Financial Advertisers Association



F. W. ELLSWORTH

First Vice-President Financial Advertisers Association



H. D. ROBBINS
Second Vice-President Financial Advertisers
Association



CARL A. GODE
Treasurer Financial Advertisers Association

charge of the publicity department of N. W. Halsey & Co. In May, 1912, at the Dallas convention of the Associated Advertising Clubs, he was appointed chairman of the National Vigilance Committee, and organized and conducted the fight against dishonest advertising.

Mr. Holderness has taken an active part in the deliberations of the Financial Advertisers Association and is held in high estimation by the members of that organization. He is assistant cashier of the Third National Bank of St. Louis, and has done excellent publicity work for his institution.

Mr. Gode has the honor of directing the publicity work of Chicago's oldest bank—the Merchants Loan and Trust Company. This institution keeps on growing just as though it were a lusty youngster and Mr. Gode directs its advertising in an appropriate and effectual way.



M. E. HOLDERNESS
Secretary Financial Advertisers Association

Book Reviews

THE LIFE AND TIMES OF STEPHEN GIRARD. By John Bach McMaster. J. B. Lippincott Co., Philadelphia. Octavo, 2 vols. Price, \$5.00.

The times are such as to make an authoritative biography of Stephen Girard especially welcome. We are just beginning again a career of marine expansion similar to that which brought this French sailor to the fore as one of the world's successful traders. Girard had the spirit of adventure, was uncommonly shrewd and, despite some manifestations of niggardliness, was animated generally by just and enlightened principles. His large subscriptions to public loans and to the Bank of the United States show that he had a high degree of financial courage. In one respect, at least, he resembled the late J. P. Morgan—he had unbounded faith in the future of his country.

For the banker Girard's career has a peculiar interest, for he was one of the great and successful bankers of his day. The unique and beautiful building which his institution occupied still survives as the Girard National Bank. But while the energy, shrewdness and integrity which Girard displayed are valuable in banking now as in his time, it is hardly probable that a man of his type could win notable success as a modern banker. The banker of to-day is a different sort of man from Stephen Girard, and in saying this it is not intended in the least to depreciate Girard's great qualities. But times have changed, and bankers with them.

From the rather sordid mode of Stephen Girard's life you would hardly suspect that he was to become one of the great philanthropists of his day. Unfriendly critics have charged that even in this he was animated solely by the ambition to perpetuate his name and reputation. If we are to ascribe motives, why not be more generous,

and perhaps more just? Whatever may have been the motives of Stephen Girard, we know that in his benevolences he displayed rare judgment and conferred upon his fellow men immense benefits which will make his fame enduring. A great trader, banker and philanthropist, he most assuredly was, and it is exceedingly fortunate that the story of his career has been recorded in detail by so competent an historian as Professor McMaster.



A HISTORY OF THE AMERICAN PEOPLE. By Woodrow Wilson, New York. Harper & Bros.

Harper and Brothers, who have been publishers of good books since 1817, have just issued a new edition of President Wilson's "A History of the American People." This is known as the New Documentary Edition and is a library from original sources.

Every one who has read President Wilson's speeches is acquainted with the most interesting style of the President. This new edition contains, besides the original text of President Wilson, the documents upon which his text is based.

Such an arrangement makes it possible, therefore, for the reader to become acquainted and to have within easy accessibility the text of the original documents by a maker of history. For example, the ordinary history gives a reference to the Dred Scott Decision. President Wilson refers to it. The editors, realizing that the original text would be of interest, refer the reader, through a foot-note, to the original document.

The first part of each volume is the President's original text, the second part contains the documents upon which the text is based. Another feature is that

these documents are not only the reproductions of charters, treaties, etc., but also in the form of copies of pictures.

There are sixteen colored maps showing the territorial growth, political changes, and general development of the nation. There are fifty other maps and plans from original sources—there are over five hundred portraits secured through research in old archives and libraries—there are magnificent illustrations by the greatest American artists, such as Howard Pyle, Frederic Remington, Howard Chandler Christy, making real as they never have been made real before the great deeds of the nation. In the last volume there is an exhaustive index of every person, place and event mentioned in the entire set, so no matter what you may want to find out about American history you can refer to it immediately—have it illuminated for you by the brilliance of Woodrow Wilson's mind and brought before you in its living reality by actual reproductions and beautiful illustrations.



THE WAR AND THE COMING PEACE. By Morris Jastrow, Jr. J. B. Lippincott Co., Philadelphia. Price, \$1.00 net.

Professor Jastrow regards the war as a moral issue, and that the world is now in conflict with the ruthless power of Germany. He does not mince his words in holding that country up to the execration of mankind. His views upon the whole are clear, sound and convincing, presented with that historical perspective possible only to the trained student of affairs.

What the author has to say of peace may seem rather advanced, under present conditions; but that the world must lose no time in seeking for a better way of settling international difficulties, after this war is over, is evident enough.

Professor Jastrow counsels against the cherishing of international hatred; but no reader of his book can find anything in it which will tend to cause any

other feeling toward Germany, with its present rulers and outworn autocratic system of government.



CREDIT OF THE NATIONS. By J. L. Laughlin. C. Scribner's Sons, N. Y. Price, \$3.50.

This study of war finance up to the entrance of our country into hostilities is the result of the closest scrutiny of the operations of the belligerents.

The distinguished economist who has had this work in preparation since August, 1914, divides it into six main topics: The economic situation preceding the war; war and credit; English credit operations; French money and credit; German credit operations, and war and credit in the neutral United States.



THE FINANCING OF PUBLIC SERVICE CORPORATIONS. By Milton B. Ignatius, LL.M., New York. The Ronald Press Co. Price, postpaid, \$5.00.

The author writes from the standpoint of experience in dealing with the financing of public service corporations, gained through work with the Public Service Commissions of New York State and also in private employment. He has brought together a large amount of valuable information concerning the legal and financial aspects of the various phases of public service corporations, and has carefully considered these organizations in their relations to the public.



INDIAN CURRENCY AND BANKING PROBLEMS. By M. L. Tannan and K. T. Shah. R. Govind & Son, Bombay.

An interesting and comprehensive review of banking to-day in India. Gives historical data on the development in commerce and economics.

Deals exhaustively with the Indian currency system, the history and organization of banks and suggests changes that will improve and increase their present business.

Banking and Financial Notes

BANKING OFFICES MOVED

Messrs. Huth & Co., a branch of the old and well-known London house of Fred'k Huth & Co., merchant bankers, on June 15 removed from the New York offices at 24 Broad street, which they have occupied since the establishment of the branch here in 1917, to 30 Pine street.

NEW CHAIRMAN OF EMPIRE TRUST

General T. Coleman du Pont was recently elected chairman of the board of directors of the Empire Trust Company, which is located in the Equitable building, New York. The Empire is capitalized at \$1,500,000; has surplus and undivided profits of \$1,405,000 and deposits of about \$41,000,000.

AN EXCELLENT FIRST ANNIVERSARY SHOWING

The June 20th statement of the Scandinavian Trust Company of New York coincides approximately with the close of the institution's first anniversary, and it surely makes a most excellent showing, as may be seen:

ASSETS

Loans and discounts.....	\$20,972,846.60
Bonds and securities.....	4,457,053.71
Cash on hand and in banks...	3,897,700.44
Accrued interest and accounts receivable	78,576.09
Customers' liabilities under letters of credit and acceptances, etc.	403,410.32
Total	\$29,809,586.56

LIABILITIES

Capital	\$1,000,000.00
Surplus	1,500,000.00
Undivided profits	206,767.84
Reserve for unearned interest, taxes, etc.	217,004.57
Accrued interest payable....	58,631.16
Deposits	26,423,772.57
Letters of credit and acceptances	403,410.32
Total	\$29,809,586.56

The officers and directors of the Scandinavian Trust Company are shown herewith:

Officers: Alexander V. Ostrom, president; B. E. Smythe, vice-president; Maurice F. Bayard, treasurer; Danforth Cardozo, secretary; C. C. Kelley, assistant secretary.

Norwegian Advisory Board: Knut Bachke, Andresens Bank, Christiania; Chr. Bonge, Bergens Kreditbank, Bergen; F. Bruenech, Christiania Bank og Kreditkasse, Christiania; S. E. Dahl, Centralbanken for Norge, Christiania; G. K. Hegge, Den Norske Creditbank, Christiania; Kr. Jebsen, Bergens Privatbank, Bergen; Chr. Thaulow, Den



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Nordenfjeldske Kreditbank, Trondhjem.

Directors: Johs. Andersen, J. Andersen & Co.; Knut Bachke, Andresens Bank, Christiania; Philip G. Bartlett, Simpson, Thatcher and Bartlett; Charles E. Bedford, vice-president, Vacuum Oil Co.; James F. Bell, vice-president, Washburn-Crosby Co.; John E. Berwind, vice-president Berwind-White Coal Mining Co.; R. R. Brown, first vice-president American Surety Co.; William R. Coe, chairman Johnson & Higgins; Gerhard M. Dahl, vice-president Chase National Bank; S. E. Dahl, Centralbanken for Norge, Christiania; W. Edward Foster, treasurer American Sugar Refining Co.; Samuel L. Fuller, Kissel, Kinnicut & Co.; Edward F. Geer, shipowner; Charles S. Haight, Haight, Sandford & Smith; G. K. Hegge, Den Norske Creditbank, Christiania; Edwin O. Holter, attorney; Frederick W. Hvoslef, Bennett, Hvoslef & Co.; N. Bruce MacKelvie, Hayden, Stone & Co.; C. M. MacNeill, president Utah Copper Co.; Alexander R. Nicol, treasurer Atlantic, Gulf & West Indies Steamship Line; Alexander V. Ostrom, president; Birger Osland, General Western Agent Norwegian-American Line; E. A. Potter, Jr., president Finance & Trading Corporation; E. A. Cappelen Smith, Guggenheim Brothers; Niel A. Weathers, Simpson, Thatcher and Bartlett.

NEW ASSISTANT SECRETARY BANKERS TRUST CO.

The directors of the Bankers Trust Company of New York have elected John H. Lewis an assistant secretary. This merited promotion comes after fifteen years of service with the institution, Mr. Lewis having become connected with the Bankers Trust Company in 1903 when its doors were first opened for business. During the past two years he has had charge of the advertising and new business department of the company. Mr. Lewis has been active in the various organizations having to do with the welfare of the company's employees. During 1917 he was president of the "Bankers" Club,

composed of the officers and clerks of the company, and for over a year has acted as chairman of the committee of senior employees having to do with the company's compensation plan to offset increased living costs.

NEW VICE-PRESIDENT PHILIPPINE NATIONAL BANK

Chas. C. Robinson has been elected a vice-president of the Philippine National Bank. The head office of the Philippine National Bank is at Manila, a



CHAS. C. ROBINSON
Vice-President Philippine National Bank

New York Agency being maintained in the Woolworth building. Mr. Robinson has been in charge of this agency since its establishment in February, 1917.

NEW ASSISTANT MANAGERS FOREIGN DEPARTMENT, GUARANTY TRUST CO.

August Soniat, chief accountant of the foreign department of the Guaranty Trust Company of New York, has been appointed an assistant manager of that department. Mr. Soniat



The Chemical National Bank of New York

(Established 1824)

Business Outlook

Improvement in weather conditions, crops, retail trade, manufacturing output and transportation, indicates no serious general disruption of business activities. Nonessentials can expect curtailment, but the resiliency of the commercial structure is well maintained, following the over-subscription of the Third Liberty Loan and Second Red Cross Drive.

Shortage of raw material and labor supply, together with decreased shipping facilities, and not Government interferences, are responsible for any limitations imposed on industry at this time.

Prosperity is manifest in nearly all commercial and manufacturing lines. Bank clearings are at the high-water mark. Money continues in active demand. This bank is sharing in the general prosperity—its deposits during the past year have increased from \$35,000,000 to over \$80,000,000.

We welcome deposits from individuals, manufacturers, corporations and banks, and

We are seeking new business on our record

Interest paid on balances of banks and on special and reserve accounts.

was born in Iberia Parish, La., July 26, 1878, and was educated in the public schools there. He began his banking career in the New Orleans branch of the Comptoir Nationale d'Escompte de Paris, of which Vice-President Albert Breton of the Guaranty Trust Company of New York was then manager, and remained there several years. Later he went to the Germania National Bank of New Orleans and the Commercial National Bank of Shreveport, La. Leaving the banking business, Mr. Soniat was for several years with Penick & Ford, Ltd., and the Jancke Navigation Company of New Orleans. He came to the Guaranty in August, 1917, as an accountant in the foreign department and was soon appointed chief accountant.

H. L. Tompkins has also been appointed an assistant manager of the foreign department of the Guaranty Trust Company of New York.

Mr. Tompkins began his banking experience as a junior clerk in the West

Side Bank in New York city twenty-two years ago, remaining with that institution for thirteen years. In 1909 he became an examiner for the New York State Banking Department under Mr. Williams, the then Superintendent of Banks. During the last six or seven years of his activities in the New York Banking Department Mr. Tompkins specialized in foreign exchange examination.

TRANSATLANTIC TRUST CO. TAKEN OVER BY ALIEN PROPERTY CUSTODIAN

On July 11 the Transatlantic Trust Company of New York was taken in charge by A. Mitchell Palmer, Alien Property Custodian, it being announced that for some time that officer had been in possession of seventy-three per cent. of the stock owned by three large banks in Budapest, the remaining twenty-seven per cent. of the stock being owned by purely American interests.

The Alien Property Custodian has

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

Vice-Presidents

THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

reconstituted the directorate of the company, and Z. S. Freeman, a well-known American banker, has been elected president. The capital of the Transatlantic Trust Company is \$700,000, the surplus about \$500,000 and deposits approximately \$7,000,000.

NEW DIRECTORS OF MERCANTILE TRUST AND DEPOSIT CO.

The Mercantile Trust and Deposit Co., of New York, has elected as members of the board Harry Bronner, president of the Missouri Pacific Railroad, and J. J. Raskob, vice-president of the E. I. du Pont de Nemours Co. James M. Wade has been appointed assistant treasurer.

FUTURE BANKERS OF THE WORLD

An interesting phase of the great war is being fought at the National City Bank of New York this summer. It is being worked out by forty-four enthusiastic young men from the various universities throughout the United States, who as "top-notchers" of their classes have been selected for the honor of forming the fourth college class to receive the highly specialized training course in banking. Already 159 young men have received this training at the National City Bank, and the new class brings the total up to 203.

LOUIS G. HARRIMAN ASSISTANT TRUST OFFICER

The Guaranty Trust Company has appointed Louis G. Harriman assistant

trust officer. Mr. Harriman has been with the institution since November, 1917, when he became connected with the bond department. Prior to becoming associated with the Guaranty, Mr. Harriman was with several important concerns as an engineer or as a statistician. He holds the degrees of B. S. and M. S. from Trinity College.

SOLDIERS' PERSONAL CHECKS ON HOME BANKS NOW CASHED ABROAD

A system inaugurated by the Irving National Bank, New York, enables members of the American Expeditionary Forces to obtain money in any allied country by cashing their personal checks on their own banks. It is expressly adapted to meet the exigencies of war conditions, as it eliminates all the dangers of loss or destruction of currency, travellers' checks or letters of credit. No outlay is necessary before leaving America and the individual's bank account is not disturbed until his check is presented to his home bank for payment. Furthermore, as money need be obtained only as required, loss through the reconversion into dollars of unexpended funds is avoided; and as such checks are always payable in the currency of the country where cashed, one need carry from place to place only sufficient money for immediate needs.

This service is the outgrowth of an agreement with three important European banks, all of which have experienced organizations and are thoroughly acquainted with the require-

"The Bank That Service Built"

THE

SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,598,000
Deposits	60,453,000

S. G. BAYNE, President

C. C. THOMPSON, Vice-President

B. L. GILL, Vice-President

W. K. CLEVERLEY, Vice-President

L. N. DeVAUSNEY, Vice-President

H. W. DONOVAN, Cashier

O. M. JEFFERDS, Asst. Cashier

C. C. FISHER, Asst. Cashier

J. D. SMITH, Asst. Cashier

B. I. DADSON, Asst. Cashier

J. E. ORR, Asst. Cashier

DIRECTORS

SAMUEL G. BAYNE

WILLIAM K. CLEVERLEY

EDWARD J. CORNISH

MICHAEL J. DEGNON

HENRY C. FOLGER

BENNETT L. GILL

EDW. H. R. GREEN

PETER McDONNELL

JOSEPH SEEP

CHARLES C. THOMPSON

WILLIAM H. WOODIN

DAVID H. E. JONES

**The success of this bank is founded upon a policy of painstaking,
efficient and courteous service to all**

ACCOUNTS INVITED

ments of men on active military duty. The operation of the plan in France is entrusted to Messrs. Cox & Co. (France), Ltd., the official army paymasters of the British Government. They have a network of facilities throughout that country including branches in the war zone which are constantly accessible to all the allied units. In Great Britain such checks may be cashed at the London Provincial and South Western Bank or at any of its five hundred and sixty branches. The Banca Italiana di Sconto affords similar advantages throughout Italy.

Any American bank may provide its customers with these facilities through the Irving National Bank; in return the Irving asks no commission whatever and offers its full coöperation with the financial institutions of this country to render this service of practical assistance to persons going abroad.

FIRST NATIONAL CORPORATION

The First National Corporation is Wall Street's newest banking institu-

tion, having received its charter from the State of New York. The new corporation was organized by the First National Bank of Boston, whose resources are in excess of \$200,000,000. E. H. Leland, the Boston representative, is temporarily in charge of the office located at 14 Wall Street. A general banking business, foreign and domestic exchange, letters of credit, etc., will be transacted.

BANK CLERKS AND THE DRAFT

Word from Washington that Provost Marshal General Crowder had ruled that bank clerks were excepted from the operation of the "work or fight" order was the cause of much satisfaction in the New York financial district. The banks have lost many men through enlistments and the draft, as their service flags give evidence, and further depletion of their forces through the ruling withdrawing deferred classification from registrants engaged in non-productive occupations would have con-

**THE
CHATHAM
AND
PHENIX
NATIONAL
BANK**
OF THE
CITY OF NEW YORK



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY

Vice-President

WILLIAM H. STRAWN

Vice-President

NORBORNE P. GATLING

Vice-President

H. A. CLINKUNBROOMER

Vice-President

ROLFE E. BOLLING

Vice-President

WALLACE T. PERKINS

Vice-President

WALTER B. BOICE

Asst. Cashier

VINTON M. NORRIS

Asst. Cashier

RICHARD H. HIGGINS

Vice-President

BERT L. HASKINS

Vice-Pres. and Cashier

C. STANLEY MITCHELL

Vice-President

MAX MARKELL

Vice-President

GEORGE R. BAKER

Vice-President

HENRY L. CADMUS

Asst. Cashier

HENRY C. HOOLEY

Asst. Cashier

JOSEPH BROWN

Asst. Cashier

GEORGE M. HARD
Chairman

ACCOUNTS INVITED

Total Resources over \$90,000,000



LAURENCE H. HENDRICKS
Cashier Federal Reserve Bank, New York

training and is unsatisfactory when extended to some positions. There has never been a question of the patriotism of Wall Street, and the ruling of the Provost Marshal indicates recognition of the work of the banks in facilitating the flotation of the Liberty Loans and otherwise assisting in the Government's financial programme.

**NEW CASHIER FOR FEDERAL RESERVE
BANK OF NEW YORK**

L. H. Hendricks, who is well known to bankers all over the state, has been appointed cashier of the Federal Reserve Bank of New York, succeeding L. F. Sailer, promoted to the post of Deputy Governor. Mr. Hendricks was formerly an assistant cashier of the bank, and he has had a great deal to do with the building up of the bank's transit department, which is one of the largest in the city. E. R. Kenzel, formerly assistant cashier, whose work has largely consisted of the purchase of acceptances, etc., has been appointed manager of investments. Leslie R. Rounds, formerly acting cashier; I. W. Waters, the chief clerk, and John E. Raasch have been appointed assistant cashiers. Mr. Rounds organized the accounting system used in connection with Liberty Loan subscriptions.

stituted a hardship. Practically all of the banks are employing women in far greater numbers than formerly, but their substitution necessarily involves



THE officers of this bank are always at the immediate service of its customers

PHINEAS C. LOUNSBURY, Chairman
HERMAN D. KOUNTZE, President
EDWARD K. CHERRILL, Vice-President
KIMBALL C. ATWOOD, Vice-President

GILBERT H. JOHNSON, Vice-President
WILLIAM F. FITZSIMMONS, Vice-President
FRANK E. ANDRUSS, Cashier
JOHN P. LAIRD, Assistant Cashier
JOHN H. BRENNEN, Assistant Cashier

Capital, Surplus and Undivided Profits. \$1,800,000

ATLANTIC NATIONAL BANK

257 BROADWAY

ESTABLISHED 1829

NEW YORK

NATIONALIZED 1865

THE CENTRAL UNION TRUST COMPANY

July 1 the Central Union Trust Company issued its first statement since the Central and the Union were merged. It shows total assets of \$260,607,014; cash on hand \$13,890,668; surplus, \$15,000,000, and total deposits of \$225,794,359.

GOVERNMENT ASSUMING BIG RESPONSIBILITIES

Pierre Jay, chairman of the Board of Directors of the Federal Reserve Bank, of New York, in his monthly report for July, says the important features in the present business situation are the widespread absorption by the Government of industrial products essential for the war and large increase in the scope of the Government's supervision over industry, especially through control of raw materials. Business is active, Mr. Jay says, and manufacturing is as near maximum capacity as restricted supplies of raw

materials and difficulty in obtaining adequate labor will permit.

Mr. Jay says that extended acreage on the farms, excellent conditions prevailing, make favorable reports possible for the Second District.

GUARANTY TRUST OPENS ANOTHER BRANCH IN FRANCE

Arrangements have been completed by the Guaranty Trust Company of New York for the opening of a branch office at Tours, France, for the convenience of members of the American expeditionary force. No general banking business will be transacted at the Tours office, which is to be established primarily as an additional office for the distribution of war-time services. Since the United States became a belligerent the Guaranty Trust Company has devised numerous methods of providing banking facilities for those who have gone to France in Government service. The Paris office of the com-

CONTINUOUS GROWTH IN DEPOSITS

March 14th, 1918	\$17,059,000.00
June 20th, 1918	17,563,000.00

Citizens Commercial Trust Company

BUFFALO, N. Y.

MEMBER FEDERAL RESERVE SYSTEM

pany is a depository for the United States funds and has become the center from which, through arrangements with French banks, the company's services have been extended throughout France to American soldiers, sailors and others engaged in war work.

RETURNS TO ACTIVE BANKING

E. C. Converse, one of New York city's most prominent bankers, has de-

cided to reassume the presidency of the Liberty National Bank because of the demands of the war which have absorbed many of the youngest and most able of Wall Street bankers. Mr. Converse returns to the desk of president of the Liberty National Bank after several years in which he has devoted himself to outdoor life.

Mr. Converse feels that the young men should fight for democracy and that the older financiers who have retired and those who have been intending to retire should take up the banking and business burdens left behind.

The "come back" decided upon by Mr. Converse developed from the fact that Harvey D. Gibson, president of the Liberty National Bank, recently sailed for Europe to conduct important organization work for the American Red Cross. While the officers of the bank are capable of handling their tasks most efficiently, Mr. Converse, who, as chairman of the executive committee, has not taken an active part in the bank's daily business, felt that in the absence of Mr. Gibson it was necessary to have some one to preserve the coördination of executive functions that hitherto has been maintained by Mr. Gibson.

Mr. Converse first became a director of the Liberty National Bank in 1893 and has been an active factor in its growth ever since. In 1904 he succeeded as president Henry P. Davison, who subsequently became a partner in J. P. Morgan & Co. Mr. Converse held the presidency of the Liberty Na-



E. C. CONVERSE
President Liberty National Bank, New York

tional Bank until 1908, when he decided to take a less active part in business.

INFORMATION ON OWNERSHIP CERTIFICATES

The Bankers Trust Company of New York has issued a pamphlet explaining the use of ownership certificates and information returns relating to "withholding information at the source" under the Federal Income Tax Law. Copies may be had upon application to the Bankers Trust Company.

BANK DIRECTORS IN WAR WORK

National bank directors are becoming more common in war work every day. Among the banks which are distinguishing themselves in this respect the Chase National Bank of New York stands high. First is Charles M. Schwab, who is Director General of the Emergency Fleet Corporation; second is Colonel Guy E. Tripp, chief of the Production Division of the Ordnance Department; third is Daniel C. Jackling, Director of United States Government Explosives Plants; fourth is Andrew Fletcher, who is supplying the Government with ship engines and ships; fifth is Henry B. Endicott, who is attending to labor problems in Massachusetts, and sixth is Newcomb Carlton, who as president of the Western Union Telegraph Company is furnishing the Government with an extensive wire service. Of the other directors, Albert H. Wiggin was until recently Federal Fuel Administrator for New York; Eugene V. R. Thayer and Gerhard M. Dahl held important posts in the Red Cross campaign, and Carl J. Schmidlapp has been drafted into the National Army. Thus ten of the nineteen directors are accounted for. The other nine are doing what they can and are running the bank, which is the fourth largest in the city.

KEEPING UP WAR SPEED AFTER THE WAR

The July Bulletin of the National City Bank contains a valuable discussion of the economic lessons taught by

Resources

\$17,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



Try our Service
and you will be entirely
satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

Send for our booklet

**"The Transfer of Reserves
To Federal Reserve Banks"**

THE

Philadelphia National Bank

(ORGANIZED 1863)

the war, wherein it is suggested that the result should on the one hand be a keener interest on the part of the community in developing the capacity and usefulness of every individual, and on the other hand a reciprocal interest on the part of each individual in doing his part in the great organized scheme of industry. "The war," says the bank, "has revealed unsuspected resources in all the countries—not of hidden wealth, but of productive capabilities. It is said that the slums of London have disappeared, that with the insistent appeal for labor, enlistments, and conscription, the idlers and even the vicious have been swept into useful employment. With millions of the most effective workers in the armies, unheard-of sums are raised for war purposes, the war industries are expanded upon an enormous scale, and yet in England and France the population is cared for on the whole as well as in normal times. The conclusion is irresistible that if the same energy and

spirit can be continued after peace is restored, and devoted to construction and production, the entire level of living conditions can be raised above that of the past. The lesson is not that more can be had for the poor by exploiting the rich, but that vastly more wealth can be produced by harmonious and fully employed industry than has been realized in the past."

A BOOK ON INTERNAL WAR LOANS

The National City Company of New York has just issued a book on internal war loans, under the title of "Internal War Loans of Belligerent Countries," which is a most comprehensive and valuable work. It clearly describes the methods of financing internal war loans in the different countries, and makes plain every question pertaining to finance in war time. The foreign department of the National City Company has gathered the information from original government docu-



EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION
NATIONAL
BANK**



PHILADELPHIA

Resources over
\$16,000,000

ments and foreign journals. Altogether fifteen countries have been covered and sixty-seven loans described.

Complete details of all war loans of the Allied countries, including our Liberty Loans and War Savings Certificates, are given. The book also contains the details of Germany's eight war loans and loans of Austria and Hungary. Descriptions of Spain's Consolidation Loan and the Mobilization Loans of Switzerland and Holland are included in the publication.

A general analysis of war finance forms an introduction; then follow, by countries, the war loans in detail, and finally a comprehensive and convenient table showing interest rates, maturity dates, amounts subscribed, and other data, giving a clear and concise view of the internal war loan situation.

The book is a most valuable contribution to the literature of war finance.

LARGE NUMBER PLEDGED TO SAVE

The figures are not yet available of the number of people who pledged to save and buy thrift stamps during the drive in the latter part of June, but it is estimated that 2,500,000 persons in New York alone signed pledges to save and devote their savings to the help of the Government. Queens Borough, with a population of 400,000, made 250,000 individual pledges.

BANKS HELPING TO FRAME NEW REVENUE BILL

In the work of framing the new revenue bill so as to distribute tax burdens equitably among all interests, Chairman Kitchin and the Ways and Means Committee are having the advice and counsel of Attorney Thomas Garrett, Jr., representing a number of New York banks. Among the banks and trust companies represented are the Guaranty Trust Company, First National Bank, Bankers Trust Company, Corn

Exchange Bank, Chase National, Liberty National, Metropolitan Trust Company, Farmers Loan and Trust Company, Empire Trust Company, Speyer & Co., Kuhn, Loeb & Co.; Equitable Trust Company, Garfield National, American Exchange, Chemical National, Mechanics and Metals National, Lincoln, People's, Brooklyn, Hamilton and Columbia and Franklin trust companies.

Among other recommendations made were the following:

Returns as to payments in excess of \$800 per annum shall be mandatory only when such payments are made to individuals by tenants, mortgagees and employers.

The law should permit the taxpayer to deduct all losses ascertained and actually realized in all transactions engaged in for profit, whether or not such losses were sustained in connection with his usual business or occupation.

The law should provide for a commission of three independent officers to hear claims for diminution of assessment or reclamation of taxes.

The law should show that in the case of all fiduciaries the income which is taxable is the amount of the income secured and distributed as distinguished from the amount of income actually paid.

The law should set forth the treatment of each class of payment to or for the account of non-resident aliens. A personal return should be required of non-resident alien only when his total tax is not paid at the source and his income is taxable.

NEGOTIATING A SALE TO PEOPLE'S TRUST

The Bank of Flatbush of Brooklyn is negotiating with the People's Trust Company of Brooklyn for the sale of its stock to the latter. The People's Trust Company has a capital of \$1,000,000 and surplus and profits of \$1,284,747, and the Bank of Flatbush has a capital of \$100,000 and surplus and profits of \$41,079. The People's Trust Company has four branches besides its main office, all in Brooklyn.

It is understood that the entire staff of the Bank of Flatbush will be retained in the service of the People's Trust Company.

BANK CHANGES NAME

The Germania Savings Bank of Brooklyn has changed its name to the Fulton Savings Bank.

TRAINING WOMEN TO SELL BONDS

A class of thirty-five employees of the National City Company was tendered a luncheon by the company recently in honor of the completion of a course in bond salesmanship, and the occasion was distinguished by the presence of twenty young women graduates. The women had been undergoing intensive training to equip them to take places of men called or drafted by the war. Those proving adaptable will have an opportunity to sell securities. While the movement was an experimental one, the officers of the National City Company expressed themselves as highly gratified with the results. Most of the students were recruited from the correspondence and other departments, but several out-of-town branches had opportunity to nominate women whose experience they deemed sufficient to qualify them for wider usefulness.

TO JOIN THE RESERVE SYSTEM

The New Netherlands Bank of New York, located at 41 West Thirty-fourth street, has, through the action of its board of directors, approved the recommendation of its new president, F. H. Koelsch, to formally apply for admission to the Federal Reserve system. The bank is capitalized at \$200,000 and has surplus and profits of \$225,857.

FOURTH-ATLANTIC NATIONAL, BOSTON

The Fourth-Atlantic National Bank of Boston declared a regular quarterly dividend of two and one-half per cent., payable July 1 to stock of record June



SERVICE TO BANKS

A book for every banker's library

As an example of the breadth and thoroughness of our studies, we shall be pleased to send you our most recent publication "Internal War Loans of Belligerent Countries."

This book contains a careful analysis of the financial status of the different nations. Further, it minutely describes each issue of securities, which these nations have floated, internally, since the war began.

This book is undoubtedly the most comprehensive reference work of its kind. It is a book which every far-seeing banker should have in his investment library. It will be sent free to any officer of any bank upon request. In writing, please ask for FB-88.

The National City Company National City Bank Building, New York

CORRESPONDENT OFFICES

ALBANY, N. Y.
Ten Eyck Bldg.
ATLANTA, GA.
Trust Co. of Ga. Bldg.
BALTIMORE, MD.
Munsey Bldg.
BOSTON, MASS.
10 State Street
BUFFALO, N. Y.
Marine Bank Bldg.
CHICAGO, ILL.
137 So. La Salle St.
CINCINNATI, OHIO
Fourth Natl. Bk. Bldg.
CLEVELAND, OHIO
Guardian Bldg.

DAYTON, OHIO
Mutual Home Bldg.
DENVER, COLO.
718 17th Street
DETROIT, MICH.
147 Griswold Street
HARTFORD, CONN.
Conn. Mutual Bldg.
INDIANAPOLIS, IND.
Fletcher Savings &
Trust Bldg.
KANSAS CITY, MO.
Republic Bldg.
LOS ANGELES, CAL.
Hibernian Bldg.

MINNEAPOLIS, MINN.
McKnight Bldg.
NEWARK, N. J.
790 Broad St.
NEW ORLEANS, LA.
301 Baronne St.
PHILADELPHIA, PA.
1421 Chestnut Street
PITTSBURGH, PA.
Farmers Bank Bldg.
PORTLAND, ORE.
Railway Exchange Bldg.
PROVIDENCE, R. I.
Industrial Trust Bldg.
RICHMOND, VA.
121 1/2 Mutual Bldg.

SAN FRANCISCO, CAL.
24 California St.
SEATTLE, WASH.
Hoge Bldg.
SPRINGFIELD, MASS.
3rd National Bank Bldg.
ST. LOUIS, MO.
Bk. of Commerce Bldg.
WASHINGTON, D. C.
741 15th St., N. W.
WILKES BARRE, PA.
Miners Bank Bldg.
LONDON, E. C. 2 Eng.
36 Bishopsgate.

Bonds

Short Term Notes

Acceptances

27. This is an increase from previous rate of two per cent., and places stock on ten per cent. basis. In the past five years, or from the comptroller's call of June 4, 1913, to that of May 10, 1918, deposits have practically doubled, increasing from \$13,861,877 to \$27,042,584.

GUARANTY TRUST CO., CAMBRIDGE, MASS.

At a meeting of the directors of the Guaranty Trust Company, Cambridge, Mass., July 10, John Amee of Amee Brothers, Harvard Square, was elected a member of the executive committee to fill the vacancy caused by the death of Charles L. French.

WOMAN MAKES GOOD IN SAFE DEPOSIT WORK

The Chapin National Bank of Springfield, Massachusetts, some time ago put Miss Anna M. Coats in the po-



MISS ANNA M. COATS
Chapin National Bank, Springfield, Mass.

sition of custodian of its safe deposit department. This was done not as a war-time measure of economy, but because the management became convinced that the lady could do the work

as well as a man. "We made Miss Coats custodian of our vault because we thought it was good business to do so, and results have proved that we were right," said President H. A. Woodward, when interviewed by a representative of **THE BANKERS MAGAZINE**.

A little questioning brought out the fact that the officers of this bank believe in what might be called the psychology of business. They have found by experience that people like to do business where the surroundings are pleasant and the persons representing the institution are agreeable and take an interest in giving good service.

"We like to have attractive persons about us," said Mr. Woodward, "and the public likes to transact business with them. So when it came to the choice of someone to put in charge of our new Safe Deposit Department, we made up our minds that instead of engaging a man—perhaps an elderly one who would accept the position because he had lost his grip elsewhere and would be glad of any position—we would secure the services of an enthusiastic and tactful young woman who would take an interest in developing the business. Miss Coats seems to fill the bill. She is very polite but business-like and handles people extraordinarily well for one without previous business experience."

BOSTON FEDERAL RESERVE BANK

With the view of providing for a permanent home later on, the Federal Reserve Bank of Boston has acquired the property at the corner of Milk and Pearl streets in that city.

ADDISON L. WINSHIP A VICE-PRESIDENT OF THE NATIONAL SHAWMUT

Addison L. Winship has been elected vice-president of the National Shawmut Bank of Boston. He will have immediate charge of the publicity department and allied activities of the bank. Mr. Winship is civic secretary of the Boston City Club, and was for-



UNION COMMERCE

National Bank

OF CLEVELAND

Capital \$4,000,000

Surplus 2,000,000

*"Expeditious Service now—
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON,	President	WALTER C. SAUNDERS,	Cashier
GEORGE S. RUSSELL,	Vice-President	HARRY E. HILLS,	Asst. Cashier
WILLIAM E. WARD,	Vice-President	CARL R. LEE,	Asst. Cashier
ELMER E. CRESWELL,	Vice-President	FRANK A. WHITE,	Asst. Cashier
WILLIAM C. CAINE,	Vice-President	FRED. W. COOK,	Asst. Cashier

merly president of the National Association of Civic Secretaries, which brought him in active touch with business development and civic welfare work throughout the country. His success in handling the affairs of the Boston City Club and his extensive business acquaintance throughout the United States make him peculiarly fitted for his new position with the Shawmut.

PHILADELPHIA CAPITAL ISSUES COMMITTEE

Permanent organization of the district committee on capital issues in the Philadelphia Federal Reserve Bank district has been effected.

Richard L. Austin and E. P. Passmore, respectively chairman and vice-chairman of the Philadelphia Federal Reserve Bank, were selected as chairman and vice-chairman, respectively, of the capital issues committee for the Philadelphia district.

Other members of the Philadelphia

committee are well-known bankers and business men.

MR. BEAL IN GOVERNMENT EMPLOY

Thomas P. Beal, Jr., vice-president of the Second National Bank of Boston, has accepted a responsible position in the Emergency Fleet Corporation. He is now in Washington and will later move to Philadelphia. Mr. Beal is a member of the Executive Council of the American Bankers Association and has long been regarded as a leader among the bankers of the country.

GOOD TIMES IN PHILADELPHIA

As an indication of the good times now being had in Philadelphia, the reader is referred to what President Law of the First National Bank of that city has to say on the subject:

The pay envelope in this community was never as bulky as it is to-day when the competition to secure the services of skilled workers in all industries is very keen. That

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

	H. MARTIN BROWN, President	
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FRANK O. NICHOLS . . .	Vice-President	ELMER F. SEABURY . . . Assistant Treasurer
SAMUEL M. NICHOLSON . . .	Vice-President	HARRY C. OWEN . . . Assistant Secretary
WARD E. SMITH . . .	Treasurer	HENRY C. JACKSON . . . Assistant Secretary

the average well-to-do family in the Philadelphia district is exceptionally well supplied with cash, was shown by the extraordinary proportion of applicants for the Third Liberty Loan, who have paid their subscriptions in full. Out of a total of \$361,000,000 subscriptions received, the cash payments already aggregate \$290,000,000. Inasmuch as only twenty-five per cent. of the amount subscribed was actually due, it will be seen that the cash payments exceeded requirements by \$200,000,000. No such showing would have been possible had not the community been well supplied with cash. The Third Liberty Loan was the most popular loan ever distributed in the history of war finance. In an unusual degree, therefore, this may be called the loan of the plain people, for the predominance of the small subscription, as compared with applications of \$25,000 or more, was much more pronounced than in either of the previous offerings of Liberty Bonds.

A CAPABLE BANKER WITH HOME FIRST IDEA

Charles S. Calwell, president of the Corn Exchange National Bank of Philadelphia, is evidently a believer in the "home first" idea. "The Corn Exchange" is the name of a weekly paper issued by the bank, and which, by the way, is a very creditable sheet, and Mr. Calwell takes occasion in a recent issue to give vent to the following commonsense paragraphs:

In the publication of "The Corn Exchange" we have tried, among other things, to bring matters of national or local importance to the attention of our business men; to help Philadelphians to a greater realization of the wonderful advantages and possibilities in our own community; to bring new systems and new ideas, successfully tried by others, to readers' attention.

In this work we have accumulated many books and clippings and our library is fast becoming of great value to us, and we believe could be of real value to the business community.

With the thought that we may still broaden our service, we offer to our customers, and other houses, the use of this library.

Is there a business question you wish solved? Perhaps we may help you by giving information regarding what others are doing.

Every letter box is practically a branch of the Corn Exchange National Bank; use it.

THE OLDEST BUSINESS HOUSE IN AMERICA

The oldest business house in the United States is located in Philadelphia. The name of the house is "The Francis Perot's Sons Matting Company." The original establishment, located on the east side of Front street, below Walnut, may be seen in Peter Cooper's painting of the "Southeast Prospect of the City," in the vestibule of the Philadelphia public library. The house is older than the Bank of England, having been founded in 1686.

LIEUTENANT HARRIS MARRIES DAUGHTER OF W. A. LAW

Announcement is made of the marriage of Lieutenant Dwight Harris, U. S. R., son of Mr. and Mrs. Arthur M. Harris of New York, and Miss Anna A. Law, daughter of Mr. and Mrs. William A. Law of Philadelphia, on the evening of June 26, at the home of the bride's parents.

Arthur M. Harris is a member of the firm of Harris, Forbes & Co., New York, and is at present in France acting as treasurer of the Y. M. C. A. Mr. William A. Law is president of the First National Bank of Philadelphia and a former president of the American Bankers Association.

HARRY J. HAAS HONORED

The convention of the Pennsylvania Bankers Association very wisely and justly honored Harry J. Haas, vice-president of the First National Bank of Philadelphia, by placing him on the nominating committee for the American Bankers convention in Chicago next September. The work of the committee is slight, of course, but the honors are of a known quality, and in this case most fitly bestowed.

PETERSBURG (VA.) SAVINGS AND TRUST COMPANY

At a called meeting of the stockholders of the Petersburg Savings and Insurance Company June 24, it was unanimously agreed to amend the charter of the company as follows: To release and abandon the right to conduct a general fire and marine insurance business; to empower the company to conduct and carry on a general trust business; to raise the capital from \$200,000 to \$1,000,000 by a scrip dividend; to change the par value stock from \$20 to \$100; to increase the board of directors from twelve to twenty-four.

Pursuant to the above action of the stockholders, all provisions having been carried out, the company will in future be known as Petersburg Savings and Trust Company, capital \$1,000,000; net surplus, \$125,000. Officers remain as heretofore.

The insurance department will in future be known as Petersburg Insurance Company, Inc.

SOUTHERN BANK CONSOLIDATION

A consolidation has been arranged between the City National Bank and

B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

UNION TRUST COMPANY CHICAGO

*Strictly a Commercial Bank
Established 1869*

the Knoxville Savings Bank of Knoxville, Tennessee. The City National has a capital of \$500,000; surplus and undivided profits of \$240,000; and deposits of nearly \$5,000,000. The Knoxville Savings had a capital of \$50,000; surplus and undivided profits of \$8,000, and deposits of about \$433,000. The capital of the consolidated bank is \$500,000, and it has surplus and undivided profits of \$250,000. The deposits of the two institutions aggregate more than \$5,500,000, and the total resources exceed \$6,500,000. The consolidation was ratified by the stockholders of the respective institutions on May 29 and the merger went into effect June 10. The consolidation was consummated under the name of the City National Bank. The officers are: Wm. S. Shields, president; Edward Henequin and R. E. Monney, vice-presidents; F. E. Haun, cashier; Geo.

SEND YOUR BUSINESS

ON THE

Twin Cities AND THE Northwest

TO THE

CAPITAL AND SURPLUS TEN MILLION DOLLARS

We are prepared to meet your most exacting requirements and cordially invite you to write to us



L. Ogden and C. C. Burkhart, assistant cashiers; Thos. L. Trent, manager savings department.

NEW VICE-PRESIDENT OF MERCHANTS
NATIONAL, RICHMOND

H. W. Chudduck, heretofore vice-president of the Grafton (W. Va.) Banking and Trust Co., has been elected vice-president of the Merchants National Bank, Richmond, Va. Vice-president G. J. Jones has been granted a leave of absence for one year to engage in Y. M. C. A. overseas service. Lucien B. Thomas, connected with various departments of the Merchants National for a number of years, is a new assistant cashier.

HIBERNIA BANK OF NEW ORLEANS OPENS
NEW INDUSTRIAL BRANCH

It was but a few weeks ago that the Goethals Engineering Company began the construction of the New Orleans Industrial Canal, which will connect the Mississippi River with Lake Pontchartrain, and already there is tremendous activity in the district through which the canal will pass. Along its banks will be located great ship building plants and other kindred industries. The Foundation Company of New York, for instance, has its great ship building plant well under way, and the government has begun the construction of one of its \$10,000,000 military warehouses. The Doullut & Williams Co. of New Orleans is erecting a big plant

for the construction of steel ships under a \$15,000,000 contract just recently obtained from the United States Government.

The Hibernia Bank and Trust Company was largely instrumental in financing the Industrial Canal, and this bank is the trustee under the bond issue which has been authorized in connection with the enterprise.

It is but natural, therefore, that the Hibernia Bank should establish a branch in the Canal Zone for the purpose of serving the various corporations identified with the construction and operation of the canal, and the thousands of workmen who will be employed in the vicinity by the many industries which will locate along the canal.

The Hibernia's industrial branch was opened to the public on Saturday, June 29, 1918, with R. G. Fitzgerald, auditor of the bank, in charge.

President John J. Gannon, of the Hibernia, reported that the business transactions on the opening day were considerably larger than had been expected, a fact which augurs well for the future success of this office. It is believed by the officials of the Hibernia Bank that the construction of the Industrial Canal is the most significant and momentous enterprise inaugurated in the New Orleans district for many years, and that it will mean to New Orleans and surrounding country an unexpectedly large development in population and wealth.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,235,000

WALDO NEWCOMER, President	CLINTON G. MORGAN, Cashier
SUMMERFIELD BALDWIN, Vice-Pres.	WILLIAM R. WEBB, Asst. Cash.
JOSEPH W. LEFFLER, Asst. Cash.	

TEXAS BANKERS CONVENTION

The Texas Bankers Association held its annual convention at Galveston, with a record-breaking attendance of members and visitors. The following officers were elected for 1918-1919:

President—W. W. Woodson, Waco.

Treasurer — John Q. McAdams, Winters.

Secretary—W. A. Philpott, Jr., Dallas.

The following officers of the American Bankers Association for Texas were elected:

P r e s i d e n t — Albert Witherson, Bryan.

Vice-President — J. Dabney Day, Dallas.

Member of Nominating Committee—Tom Rodgers, Denison.

Alternate—J. A. Pondrom, Houston.

Vice-President, Trust Company Section—Pat Murphy.

Vice-President, National Bank Section—L. D. Amsler, Hempstead.

Vice-President, State Bank Section—Dr. B. F. Berkeley, Alpine.

Vice-President, Savings Bank Section—John R. Haven, Denison.

NEW OFFICERS AND PROMOTIONS AT THE FLORIDA NATIONAL BANK

In order to properly care for its growing business and render more efficient service to its patrons, the Florida National Bank of Jacksonville has elected three new officers, promoted another, and voted to make certain changes and additions to its handsome banking house.

The new officers are G. E. Patterson, vice-president; N. A. Wakefield and B. S. Weathers, assistant cashier; G. J. Avent, cashier, was also elected a vice-president.

Mr. Patterson was until recently connected with the Comptroller's office as national bank examiner in the Sixth Federal Reserve District, in which Florida is located. Prior to his becoming

ing a national bank examiner, he was connected with the Traders National Bank, of Birmingham, and two interior banks in Alabama, in an official capacity, thus giving him the benefit of a wide experience as well as knowledge of local conditions.

Mr. Avent has been cashier, Mr. Wakefield manager of the collection department, and Mr. Weathers manager of the discount department for a number of years, and are well known to the business public, having a host of friends who will congratulate them upon their advancement.

When this institution remodeled its building in 1916, the officers thought they were building for many years to come, but since moving into their new home in June, 1917, the volume of business has grown to such an extent that it has been found necessary to provide additional tellers' cages, safe deposit vault space, and working space. The details of the changes have not all been worked out, but it is understood that they include an addition to the building in the rear.

A complete list of the officers of this institution is: Arthur F. Perry, president; Giles L. Wilson, vice-president; W. A. Reding, vice-president; George J. Avent, vice-president and cashier; G. E. Patterson, vice-president; C. B. Campbell, assistant cashier; John A. Newson, assistant cashier; W. G. Stedford, assistant cashier; N. A. Wakefield, assistant cashier; B. S. Weathers, assistant cashier.

MISSOURI BANKERS NEW OFFICERS

The twenty-eighth annual convention of the Missouri Bankers Association was held at Kansas City, with a large attendance. The programme was an excellent one throughout, and the proceedings were harmonious in the extreme. The following officers were elected for 1918-1919:

President—Frank T. Hodgdon, Hannibal.

Vice-President—W. L. Buechle, Kansas City.

Treasurer—R. F. McNally, St. Louis.

Secretary—W. F. Keyser, Sedalia.

Assistant Secretary—E. P. Neef, Sedalia.

HIBERNIA BANK ADDS ANOTHER VICE-PRESIDENT AND DIRECTOR

The Hibernia Bank and Trust Company of New Orleans has asked another prominent banker to join its board and its official family.

President John J. Gannon has announced that by unanimous action the executive committee has invited Mr.



CHARLES F. HERB

Vice-President Hibernia Bank and Trust Company,
New Orleans

Charles F. Herb, vice-president of the Mississippi Valley Trust Company of St. Louis, to become a vice-president and director of the Hibernia Bank, and he assumed these positions on August 1.

Mr. Herb, although a young man, has been in the banking business for more than twenty years, having started with the Alton Savings Bank in Alton, Ill.,

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000
Surplus, \$2,500,000 Resources, \$41,096,000

▲ A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRAIM CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

in 1895. In 1899 he became associated with the Mississippi Valley Trust Company of St. Louis. In that institution his progress was continuous. He filled practically every clerical position in the bank and for the past several years was one of its executives, first as assistant secretary and later as vice-president. For two years Mr. Herb was connected with the St. Louis Clearing-House in the examination department. He is especially experienced in commercial banking, out-of-town bank relations, interior organization, and for the past several years has made a close study of the trade acceptances with special reference to their use in domestic and foreign trade, as well as in domestic and international banking.

Mr. Herb served during the Spanish-American War with Admiral Sampson's squadron and participated in the Battle of Santiago, receiving from the United States Government an honor medal for distinguished service.

He has been active on the St. Louis

Liberty Loan Committee and also in the Red Cross and Y. M. C. A. campaigns, is a public speaker of ability, has contributed articles on banking and economics to the business and financial press of the country, and has been an active worker in the American Institute of Banking, the Association of Reserve City Bankers and in the American Bankers Association.

President Gannon in his announcement said:

Mr. Herb's broad experience in the business and financial world, his wide acquaintance throughout the country, and especially in the South; his genuine constructive interest in civic and community enterprises, and his broad-gauged Americanism will add a very definite element of strength not only to the Hibernia Bank and Trust Company, but in a larger sense to the city of New Orleans.

MR. BOUDEN GOES TO U. S. FIDELITY AND
GUARANTY CO.

W. W. Bouden, vice-president of the
Whitney Central Trust and Savings



What Do Bankers Want?

Years ago, in seeking to increase our business with banks, we answered that question for ourselves.

BANKERS WANT SERVICE—

Individual, Prompt, Efficient Service.

We have therefore specialized on Service—and the volume of our deposits from banks is now larger than that of any other institution West of the Mississippi River.

WRITE US—CALL ON US

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, \$13,000,000.00

JOHN G. LONSDALE, President

W. B. COWEN, Vice-President

J. A. LEWIS, Vice-President and Cashier

R. F. McNALLY, Vice-President

Bank of New Orleans, has been added to the board of the United States Fidelity and Guarantee Company of Baltimore. That company has made numerous strong acquisitions from the banking fraternity during the past year. Mr. Bouden, in addition to his rank in the banking profession, has been the recipient of honors in association work, both state and national.

GEORGE M. REYNOLDS ON WAR FINANCE

It is the opinion of George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, that the Finance Corporation should itself make all necessary loans to the public utilities without involving the banks. In an article in the Chicago Banker, Mr. Reynolds says:

The corporation's capital is furnished by the people of the United States. We are all stockholders in the institution, and if the War Finance Corporation makes the loans they come really from the people as a whole. If the utilities companies, or rather the maintenance of their credit, is

desirable, or necessary, during the prosecution of the war, then I think it rests with the Government to furnish the assistance. I do not believe that every utility company which wants a loan should get it, but there are companies which have been carefully managed that are properly capitalized and whose present embarrassment is due to causes outside their control. Such should be given proper relief.

ANOTHER CHAPTER MAN ADVANCED

J. W. Hays, an influential worker in the ranks of the American Institute of Banking at Chicago, has resigned his position in the Central Trust Company of that city and taken the cashiership of the West Town State Bank, located in West Chicago. Mr. Hays is another striking example of the energetic young men of Chicago who have come to the front through their work in the Institute.

CHICAGO BANKS GRANT CREDITS TO UNITED STATES

An acceptance credit of \$7,000,000 has been arranged between a number



THE Mississippi Valley Trust Company has organized Financial, Trust, Bond, Real Estate, Safe Deposit, Savings and Farm Loan Departments, each one offered by specialists in their line and adequately manned for satisfactory service.

Mississippi Valley Trust Co.

Capital, Surplus and Profits

Over \$8,000,000

SAINT LOUIS

of Chicago banks and the United States Government. The credit granted by the banks will be used by the Government in the purchase of wool through the National Wool and Warehouse Company. The matter of arranging the terms was left by the banks to a bankers committee consisting of Herman Waldeck, vice-president of the Continental and Commercial National, chairman; John Poleson, vice-president of the First National Bank, and W. R. Dawes, vice-president of the Central Trust Company. The warehouse company will receive a commission for purchasing and storing the wool; the bankers committee, however, will have general supervision.

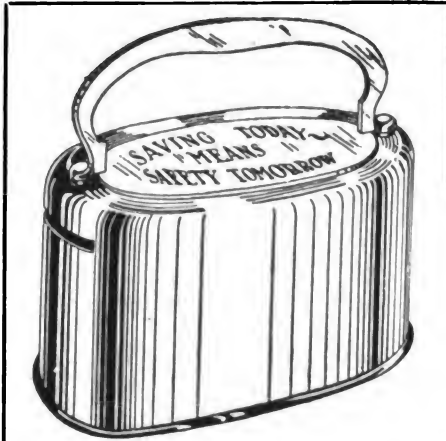
H. M. BYLLESBY & CO. INCREASE RATES

Increased rates for utility service have become effective at 297 communities served by the following properties managed by H. M. Byllesby & Co. of Chicago: Fort Smith Light & Trac-

tion Company, Mobile Electric Company, Northern States Power Company, Oklahoma Gas & Electric Company, Ottumwa Railway & Light Company, Puget Sound Gas Company, San Diego Consolidated Gas & Electric Company, Tacoma Gas Company, and the Western States Gas & Electric Company.

TWO COMPETENT CHICAGOANS GO TO WASHINGTON

The Chicago Clearing-House Association sent to Washington H. G. P. Deans of the Merchants Loan and Trust Company and John J. Arnold of the First National Bank to give expert testimony at a hearing before the Senate Banking Currency Committee on the Owen bill, which proposes a foreign exchange bank to be founded and operated by the Government. The two gentlemen are vice-presidents and foreign exchange department managers of the banks they



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COST CONSIDERABLY LESS

Than other quality banks; receive all coins from half dollars down, also paper money. Made of high-grade material, heavily nicked on copper, name-plate on etched brass plate.

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represent. While in Washington they also gave expression of the opinions of Chicago bankers as to the best way of extending the use of dollar exchange and meeting foreign trade competition after the war. Chicago bankers as a whole are opposed to the Owen bill.

HARRIS TRUST HAS WOMEN TELLERS

There are now eight tellers in the Harris Trust and Savings Bank of Chicago who answer to "Miss" instead of "Mr." In addition to the tellers the bank has several women in clerical and other positions. The bank officials say the experiment has proved extremely successful.

PROMINENT MEN MEET WITH CREDIT MEN

Among the speakers in attendance at the convention of the National As-

sociation of Credit Men in Chicago were the following men well known in the financial and business world: Lewis E. Pierson, chairman of the board of the Irving National Bank, New York, who spoke on "Trade Acceptances"; Edward James Cattell, of Philadelphia; Walter C. Mitchell, of Boston; Charles H. Speck, of Peoria, Ill.; H. Bainbridge Colby, of the U. S. Shipping Board; Prof. W. A. Scott, of the University of Wisconsin; John J. Arnold, vice-president of the First National Bank of Chicago; T. N. Shepherd, representing the Chamber of Commerce of the United States at Washington, D. C., and George Woodruff, president of the First National Bank, Joliet, Illinois.

In the resolution sent to President Wilson the National Credit Men pledged the support of the membership to the Government and praised the organization of the American Red Cross. The resolution urged upon the Government that victory can be soonest had if the fullest possible protection is afforded to the industries and commerce of the country, so far as may be compatible with the Government necessities.

F. B. McComas, of Los Angeles, was elected president; R. Burnett Curtiss, of Newark, N. J., and A. E. Gilsted, of St. Louis, vice-presidents, and J. K. Trego was re-elected secretary and treasurer, in the annual elections.

CHICAGO SHOWING IN THE BUSINESS WORLD

The announcements of the \$60,000,000 bond issue of Armour & Co. and a \$6,500,000 munitions plant in Chicago call attention to the growing importance of that city. The city's banks are carrying nearly \$1,500,000,000 in deposits, their loans and discounts are above \$1,000,000,000 and their cash resources average about \$450,000,000.

ILLINOIS BANKERS ASSOCIATION

The twenty-eighth annual convention of the Illinois Bankers Association

will be held at Springfield, September 4, 5 and 6.

GOVERNOR HERRICK ALARMED

Myron T. Herrick, president of the Society for Savings, Cleveland, Ohio, is alarmed over the encroachments by the Government upon private enterprises by the expansion of postal savings banks and farm loan banks, which employ Government subsidy. Against that, he further avers, the privately owned savings banks and associations have rents, taxes on reserves, salaries and expenses constantly increasing and absorbing incomes. He further said:

"The postal savings banks will more and more become simply feeders for the Treasury Department, while the Federal farm banks were devised for taking money from places where it is abundant to put it where it is scarce. Consequently the governmental systems cannot store up funds for local use, to the extent that the private savings banks and associations are able to do. This suggests the way to solve the problems arising from their competition. The way is earnestly to engage in local welfare work and to strive to keep any depositor from having a dead account."

TWO OHIO BANKS TO HAVE NEW HOMES

Contracts have been awarded to Hoggson Brothers to modernize the buildings of the Farmers Savings and Trust Company of Mansfield, Ohio, and the Peoples and Drovers Bank of Washington Court House, Ohio. Both banking rooms will be remodeled and enlarged into thoroughly up-to-date quarters. The decision of these institutions to modernize and enlarge their quarters is quite in keeping with the spirit of the times. While the government has not placed any ban on new construction, the authorities have suggested that no new building operations be undertaken which will involve the utilization of labor, materials and capital required in the production, supply or distribution of direct or indirect war

**It will be
proved at the
End that the
Spirit of a
Great People
has won the
war.**

Collins Publicity Service

Philadelphia,

Penna

needs. With this in view, many banks and business concerns needing additional space are adapting their present quarters, through remodeling and enlarging, to solve their problem.

PROMINENT BANKERS IN MINNEAPOLIS

A meeting in June in Minneapolis was presided over by Governor Theodore Wold of the Federal Reserve Bank, and was attended by twenty-five of the most prominent bankers of Minnesota, North Dakota, South Dakota, Montana, Northern Wisconsin and Northern Michigan. They were addressed by E. W. Decker, president of the Northwestern National Bank. It was thought best to call a second conference and it was held just in advance of the annual meeting of the Minnesota Bankers Association. It brought 150 bankers into Minneapolis,

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most of them from states other than Minnesota.

MR. JAFFRAY'S ASSISTANCE ASKED

The directors of the Ninth District Federal Reserve Bank, at Minneapolis, have asked C. T. Jaffray, president of the First and Security National Bank



C. T. JAFFRAY

President First and Security National Bank, Minneapolis, and chairman of meeting of 150 bankers of Ninth Federal Reserve District held in Minneapolis to discuss means of absorbing government short time treasury certificates in advance of the \$6,000,000,000 Liberty Bond issue of October.

of Minneapolis, for assistance in planning the placement of the district's apportionment of the short-time treasury certificates that will be issued in advance of the \$6,000,000,000 Liberty Loan in October.

Scaling down of loans in gradual process, the closer scanning of new loans, discrimination against the non-essential borrowings and the confining of loans to a strictly essential basis were indicated as one plan to keep the banks in condition to take the expected \$25,000,000 every two weeks that the ninth district will be allotted, it is believed. Mr. Jaffray expressed the fullest confidence in the ability of the district to take the allotment. "This must have first consideration absolutely," he said in addressing the 150 bankers at the Minneapolis Athletic Club. "All other considerations sink into secondary place. The Government needs the money and we have got to supply it. We must take these certificates as fast as they come, in full proportion to what we are asked to do." Mr. Jaffray said he saw no reason for expecting any lack of amply sufficient money to take care of all legitimate business demands, and that scrutiny of loans to keep out borrowings for non-essential purposes, while it may grate a little at first on the feelings of some bank patrons, will be a good thing in the long run.

AN EXCELLENT MAN FOR THE POSITION

The announcement that John C. Thomson, of Minneapolis, is a candidate for the presidency of the American

Institute of Banking at the annual meeting, to be held in Denver in September, is being well received throughout the country.

MR. PETERSON ADVANCES

E. W. Peterson has been promoted from assistant cashier to cashier of the First National Bank of Canby, Minnesota. He succeeds Arnold N. Nelson, who resigned.

ADVERTISING ASSOCIATIONS WORKING TO WIN THE WAR

M. E. Holderness, former president of the Financial Advertisers' Association, and assistant cashier of the Third National Bank of St. Louis, in an address before the association at San Francisco, referred pointedly to the war and its effect upon business conditions, and made plain the important fact that the Associated Advertising Clubs of the World, the Financial Advertising Association and the Advertising Club of St. Louis are all enlisted in a supreme effort to win the war. "That organization," he said, "makes no appeal to the 100 per cent. American which does not have for its primary, secondary and ultimate purpose the winning of the war." Mr. Holderness then referred to the alluring invitation sent out by the men of the Golden West, and said:

We have come and we have found your alluring stories are not myths, but in times like these, men who think, busy men, men of affairs and responsibility, do not cross the continent for a lark, and I know I speak the truth when I say that this convention of the Associated Advertising Clubs of the World was held because the men who are the guiding figures in this work believe the holding of this convention was paramount to the successful prosecution of the war, so far as aiding and stimulating the efforts of the United States Government here at home are concerned: I believe the efforts and proceedings of this convention, in its every department, will be reflected in the next Liberty Loan which is going to be the most colossal financial effort ever put forth by this Government. I believe the proceedings of this convention are going to be reflected in every future war activity, and I have confidence that the advertising men

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is made by the makers of LePage's Glue. For a half-century "LePage" has stood for an unvarying quality-standard.

THE LE PAGE'S

It is the name behind Signet Inks that guarantees their reliability.

Order a bottle from your stationer, or write us direct. Single pints 75c, quarts, \$1.25, charges prepaid. The *standardization* of your office ink is worthy of your attention.

Russia Cement Company

Makers of LePage & Signet Products

204 Essex Avenue

GLOUCESTER - - MASS.

of this country who have been prominent and conspicuous actors in the great drama will go forth to renewed and greater effort with a broader appreciation and a deeper understanding of the work in hand than they have ever had before. It is my pleasure to believe that the Financial Advertisers' Association, through the inspiration and helpfulness gained in these sessions, will be a mighty and compelling factor until the end of the war.

SAVINGS DEPOSITS INCREASE WHILE PEOPLE BUY LIBERTY BONDS AND THRIFT STAMPS

The fears of some bankers that Thrift Stamp and Liberty Bond sales will prevent the growth of savings deposits during the period of the war are groundless, if the experience of the National Bank of Commerce in Saint Louis is to be accepted as a criterion.

The Savings Department of that bank was launched at the beginning of the current year. Since that time 6,700 new

FOR SALE

We have a very nice walnut bank counter, tellers' window, bookkeepers' desks, everything complete, for sale cheap. Particulars and price on request. Suitable for a mercantile office.

The
Exchange National Bank
Seneca Falls, N. Y.

accounts have been opened. The growth in balances has been at the rate of \$100,000 per month. An average of seventy new accounts per day have been opened since the close of the Third Liberty Loan campaign.

The spirit of thrift is abroad, and each new incentive for practising thrift helps savings banks.

OPEN LOCKWOOD NATIONAL BANK WITH PUBLIC RECEPTION

A constant flow of visitors and well-wishers helped the officers and directors of the Lockwood National Bank of San Antonio, Texas, to celebrate the recent opening of the bank's handsome new building.

The structure was erected under the Hoggson Building Method by Hoggson Brothers of New York and Atlanta, and is a striking individual bank edifice, following in design the Greek-Doric period of architecture.

The interior called forth great admiration on the part of the visitors not only because of its beauty, but because of its efficient arrangement. Hoggson Brothers have provided all of those

numerous labor and time-saving devices so necessary to the successful conduct of banking business of to-day.

Neither expense nor effort has been spared by the bank to make its new quarters the equal of any financial institution in the South. Owing to its increasing business, the directors of the bank arranged for Hoggson Brothers to provide ample accommodations not only for present needs, but to take care of future requirements.

The Lockwood National Bank was organized in 1865, and has a capital of \$200,000. Its present officers are Joseph Muir, president; A. S. Gage and J. D. Houston, vice-presidents; M. Freeborn, cashier; E. W. Richardson and T. V. Muller, assistant cashiers.

"OUR BUSINESS NOW IS FIGHTING"

G. H. Van Stone, the energetic State Bank Examiner of New Mexico, sends out this inspiring message to all state banks in New Mexico:

The war has put us up against some very trying and, to us, new conditions.

Many of your bank boys have joined the colors. You are short-handed or breaking in new help.

The railway postoffice and local postoffices are subject to the same loss of experienced men.

None of us would have the boys stay at home, much as it tugs our heart strings to see them go.

The boys are going "over there" to win this war and we at home must back them to the limit.

Liberty Loan drives, Red Cross drives, Y. M. C. A. drives—these and like efforts all back the boys. They also make lots of work for us to do, and we do it willingly.

There is no more "business as usual." Our business now is fighting.

All these things call for extra effort and mutual assistance.

Please know that this office is ready to assist you in any way at any time; that it knows that you are doing your very best and will keep on doing it, and that it will meet you more than half way to the end that we may all pass safely through this time of stress and strain and come out winners to reap the full fruits of our victory.

OKLAHOMA BANKERS ASSOCIATION

The twenty-second annual convention of the Oklahoma Bankers Association

tion was held at Oklahoma City and the following officers were elected for 1918-1919:

President—Guy C. Robertson, Lawton.

Vice-President—A. L. Churchill, Vinita.

Secretary—Eugene P. Gum, Oklahoma City.

Treasurer—Bernie Herstine, Valliant.

CHICAGO'S OLDEST BANK INCREASES SURPLUS

At the regular monthly meeting of the Merchants Loan and Trust Company, Chicago, July 1, the sum of \$1,000,000 was transferred from undivided profits to surplus account, making the total of the latter \$9,000,000. The capital of the Merchants Loan and Trust Company is \$3,000,000.

DETROIT BANK CHANGES NAME

The Highland Park State Bank of Detroit has changed its name to the Bank of Detroit. In announcing the change, the bank states that its new title "is a combination of words used by the first bank organized in Europe in 1171, the Bank of Venice, and frequently since that time, as Bank of Amsterdam, 1609; Bank of England, 1694; Bank of New York, 1784; Banque de France, 1800."

WAR STAMPS FOR MONETARY RELICS

The Old National Bank of Spokane, Washington, has instituted a novel plan

FARM POSITION WANTED.—I want to correspond with banks, bankers or individuals with a view to taking charge of the management and operation of general or dairy farm proposition (preferably latter) on a salary and profit sharing basis. Have a thorough understanding of and experience with these branches of agriculture and the ability to handle a good sized proposition and see it through to a successful and profitable conclusion. While an entirely new proposition would be preferable, would consider taking up an unprofitable one and putting it on a paying basis. Can show some banker or capitalist who has vision how good returns can be made in dairy farming, particularly with Holstein-Friesian cattle. Address B. B. T., c/o Bankers Magazine, 253 Broadway, New York.

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of selling war stamps or rather exchanging them for old coins. The bank has advertised to take in exchange for the stamps Spanish "pieces of eight," old English silver coins, Mexican dollars, Philippine pesos, Haitian copper pieces and other rare coins in order to help win the war through the purchase of War Savings Stamps. The most interesting contribution to the cause so far is a Roman copper coin, struck off by the Emperor Vespasian some time prior to 79 A. D., to commemorate the conquest of Judea. The idea seems to have originated with W. D. Vincent, vice-president of the Old National Bank.

BANK OF ITALY'S GROWTH

The statement of the Bank of Italy (head office at San Francisco, and numerous branches elsewhere in California) contains a remarkable exhibit of the growth of that institution. So recently as December 31, 1904, the deposits of the Bank of Italy were only \$285,436; on December 31, 1908, they were \$2,574,004; on December 31, 1912, \$11,228,814; on December 30, 1916, \$39,805,995; and on June 29, 1918—the date of the most recent statement—\$83,427,091.

This extraordinary expansion has been due to a considerable extent to the policy which the Bank of Italy adopted some time ago of acquiring banks in various parts of the State of

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California and operating them as branches of the main bank in San Francisco. Unusual energy and ability displayed by President A. P. Giannini also account for a large part of the bank's growth.

FIFTY-SIX YEARS OF BANKING

In the "Savings Union Service," published by the Savings Union Bank and Trust Company of San Francisco, appears the following account of that institution's organization and operations:

The first banking act passed in this State was "An Act to Provide for the Formation of Corporations for the Accumulation and Investment of Funds and Savings." It became a law April 11, 1862, and the San Francisco Savings Union was the first savings institution to incorporate thereunder. Prior to that time there had been incorporated in 1857 under the general corporation law of the State the Savings and Loan Society. This Society continued in existence for fifty-three years, until in 1910 it was merged with the San Francisco Savings Union which was then conducting business under the title of Savings Union Bank of San Francisco.

For forty-eight years the San Francisco Savings Union conducted business under this title and became widely known as one of the three great savings banks of this city. In view of the changed conditions that followed the great fire of 1906 it was thought well to more clearly indicate that the business of the San Francisco Savings Union was that of general banking, and in 1910 its corporate title was changed to Savings Union Bank of San Francisco. Shortly thereafter to indicate that in addition to its business of banking it had taken on the functions of a trust company its corporate title was again changed to Savings Union Bank and Trust Company.

SAVINGS UNION BANK AND TRUST COMPANY

One Hundred and Twelfth Half-Yearly Report at the close of business, June 30, 1918:

ASSETS

Loans secured by First Lien on Real Estate wholly within the State of California..	\$18,340,453.97
Commercial Loans, Commercial Paper, Bankers' Acceptances and Loans secured by Bonds and Stocks in accordance with the requirements of the State Bank Act.....	5,613,565.14
Bonds—United States, Municipal and Corporation Bonds of the classes allowed by the State Bank Act.....	14,091,617.25
Bank Premises.....	900,000.00
Other Real Estate situated within the State of California	370,116.94
Safe Deposit Vaults.....	100,000.00
Customers' Liability under Letters of Credit.....	18,320.00
Customers' Liability under Acceptances	57,000.00
Cash in Vault and with Banks	5,027,205.95
Total Assets	\$44,518,279.25

LIABILITIES

Due Depositors	\$40,666,348.45
Capital paid up....	\$1,500,000
Reserve	2,125,000
Contingent and Suspense Accounts	151,610.80
Letters of Credit.....	18,320.00
Acceptances	57,000.00
Total Liabilities	\$44,518,279.25

NEW DIRECTORS OF BANK OF ITALY

William W. Woods, general manager, and R. E. Dobbs, vice-president, and manager in charge of the Los Angeles branches, were elected directors of the



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:: :: CHICAGO, ILL.

Bank of Italy, of San Francisco, June 11. They fill the vacancies created by the death of Adolph Levy and the resignation of Niles Pease. Mr. Pease will continue to be affiliated with the Bank of Italy as a member of its Los Angeles advisory board.

SALE OF BRITISH BANK OF NORTH AMERICA APPROVED

Shareholders of the Bank of British North America passed a resolution at

a meeting in London July 2, giving effect to an agreement for the sale of the bank to the Bank of Montreal on the terms already published.

The absorption of the Bank of British North America by the Bank of Montreal was announced in Canadian dispatches on March 20. It was pointed out then that the consolidation would eliminate the anomalous position by which the Bank of British North America operated in Canada under a British

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charter and with its board of directors meeting in London.

The Bank of Montreal was organized in 1817. It has a capital of \$16,000,000 and a reserve fund of a similar amount, besides undivided profits of \$1,664,893. The bank's total assets aggregate about \$404,000,000. Branches are maintained all over Canada, and the bank has an agency in New York, which is in charge of R. Y. Hebden.

The Bank of British North America was established in 1836. Its paid up capital is \$4,866,666, and it has a reserve fund of \$3,017,333. With main offices in London, it has for years operated numerous branches in Canada.

NEW DIRECTOR OF HOME BANK OF
CANADA

S. Casey Wood has been elected a director of the Home Bank of Canada, Toronto, to fill the vacancy created by the resignation of Hon. T. A. Crerar. Mr. Wood is a member of the Toronto firm of Rowell, Reid, Wood & Wright.

BANK ABSORPTION BECOMES EFFECTIVE

The Northern Crown Bank passed into the possession of the Royal Bank on July 9, and forthwith ninety-nine branches were added to the latter.

THE CANADIAN BANK OF COMMERCE
NEW NOTE ISSUE JULY 24TH, 1918

Several years ago the Canadian Bank of Commerce decided to secure, if possible, a new series of circulating

notes which should be different from anything heretofore produced in America. The habit of distinguishing the notes of particular banks by portraits of its officers, by sketches of buildings, or otherwise, seems less appropriate than symbolic designs which would be suitable for all time. Ordinarily bank notes are constructed of various vignettes, sections of lathework, etc., the notes not being designed as a whole but the greater part consisting of several more or less standard designs pieced together. The bank desired to have a design which should be entirely its own property and should be confluent in the sense that the face of the note should be one artistic effort instead of several, and these not always well connected. It was of course necessary to have the notes readily distinguishable from each other apart from the matter of numerals.

On the face of the \$5 note the main feature is a group in the centre consisting of Mercury holding the caduceus supported on the left by a goddess representing Architecture and on the right by another goddess representing Invention and holding in her hands the model of a flying machine. The note is surrounded by a frame of immortelles, fruits and vines.

The face of the \$10 note consists of a vast pastoral landscape, a section of which is omitted in the centre for the purpose of containing the text of the note. At the left side is the figure of Juno with the bull and at her feet Ceres offering the grain and fruits of



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Providence, R. I.
Established 1874

the earth. Across the bottom of the note stretches a series of hills and at the right a youth tends a flock of goats.

The face of the \$20 note consists of a seascape again with a section omitted for the text of the note. At the left is the figure of Neptune seated upon rocks with the sea at the base and gulls flying through the air. A little to the right of the centre is a group of beautiful sea maidens and to the extreme right Mercury accompanied by a maiden with nets in her hands.

The face of the \$50 note has in the lower centre a figure of Vulcan surrounded by symbols of the industries. At the left of the note are Mercury and a goddess with a distaff supporting the capital of a column bearing the denomination, while on the right hand side, connected by festoons of fruit, is another column the capital of which is supported by two Herculean youths.

The face of the \$100 note has at the left a majestic figure of Science directing Mercury. In the centre at the bottom a goddess holds in her lap a modern steamship, while at the right a youthful Vulcan and a goddess balance the design. The groups at each side are connected by architectural designs.

The backs of all the notes of the series consist of a central group of Mercury and Ceres holding the British crown over the seal of the bank, the whole included in a frame of immortelles and other symbolic objects.

The difficulty of securing an artist capable of creating this particular kind of design was very great and a year or more of time was lost in this connection. Few bank note engravers are competent to do the work upon the notes and about a year's time has been necessary for each particular note, so that while many years have elapsed since the scheme was projected only the \$5 and \$10 notes have been completed as yet. The remaining notes will appear gradually during the next two or three years.

RECOMMENDING USE OF TRADE ACCEPTANCES

The Tennessee Bankers Association, at its recent meeting, adopted a strong resolution recommending the widest possible use of trade acceptances in that state.



Useful Bank Helps

IN a news item in the September, 1917, issue of THE BANKERS MAGAZINE, relating to the Mail-O-Meter envelope sealer and stamper, it was referred to as a new device, whereas this machine has been in use by many leading banks and business houses for the past ten years.

The manufacturers report that, while handicapped like many others by the draft and limited supply of raw materials, they are able to fill orders with reasonable promptness for either the Mail-O-Meter or their Automat Endorser.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

SEPTEMBER 1918

VOLUME XCVII, NO. 3

The Fourth Liberty Loan

WITH the closing days of the present month the fourth Liberty Loan campaign will begin—the amount asked for being the largest yet called for.

Since the outbreak of the war we have had three Liberty Loan campaigns lasting thirty days each. In the first loan there were 4,500,000 subscribers; in the second loan 9,500,000; and in the third more than 17,000,000. Previous to this war very few Americans knew anything about bonds of any sort. In fact not more than 350,000 people, out of more than 100,000,000 in the United States, owned a bond of any kind.

The Treasury Department has announced that we may expect in the fall the biggest loan in history. Let us look back a minute at the loans which have already been raised and then consider the necessities for the ensuing year which we must regard in turn as our personal responsibility. The first loan was launched in May, 1917. The Government asked for \$2,000,000,000; \$3,035,226,850 were subscribed. The second loan was placed in October, 1917. The Treasury Department asked for \$3,000,000,000 and accepted one-half of the oversubscription; \$4,617,532,300 were subscribed and \$3,808,766,150 were accepted. The third loan was offered in April, 1918. The amount asked was \$3,000,000,000; \$4,170,019,650 were subscribed and all of the oversubscription was accepted.

During the Government fiscal year, which will end June 30, 1919, the Secretary of the Treasury estimates in round figures that the American people will need to spend for war purposes \$24,000,000,000. The Government hopes to raise \$8,000,000,000 of this amount through taxation, which will mean a very substantial increase in taxes over the amount collected during the past year. If the Government is successful in this plan \$15,000,000,000 will remain to be raised through the sale of Liberty Bonds. This means that the average person will have to pay about one hundred per cent. more this coming year in taxes and will have to buy bonds to an amount somewhat more than fifty per cent. greater than during the past year.

Notwithstanding these heavy calls on the individual purse, our ability to raise both loans and taxes is still very great. So far from being on the point of financial exhaustion, it may be doubted whether the average person has even begun to feel any inconvenience on account of the increased demands on his income because of taxes and loans. Indeed, many bankers are amazed at the tendency of the people to continue large personal expenditures without seeming to have due regard for these extra calls on their income. Voluntary retrenchment does not appear to have become very general, and even the great rise in prices has not yet put a stop to liberal buying.

On grounds of patriotism our people need no special urging to subscribe every dollar they can to the fourth Liberty Loan. They understand now quite clearly the nature and purpose of the struggle in which we are engaged. They have seen how nobly our boys have responded on the field of battle to the country's call to duty. Each one of us, to the utmost of his or her ability, will wish to help in sustaining the efforts of our boys in defending the country's life and honor, and we shall all be glad of another opportunity to buy Liberty Bonds.

The strong attraction which the bonds offer as an investment need not be dwelt on, for few of us are thinking about that side of the matter. We are investing in world security, in human liberty. That is our first concern. But the bonds are a good investment—none better from the purely financial standpoint. They will be paid principal and interest in full; of that there is no doubt whatever, and they yield a good return. So from every standpoint the people of this country welcome another opportunity of showing loyalty to their Government by offering their dollars in support of the war.

In this new campaign to raise funds the bankers of the United States will act as they have in the three preceding ones, devoting themselves unreservedly to the support of their country.

Now that we may at last perceive the dawning of the day of victory, this is no time to relax our efforts. Rather must we show a determination to redouble our exertions, to the end that this victory may be complete.



The Allied Nations

WE are too near the great events of the war to have an adequate realization of the meaning of some of its most important phases. That China and Japan should be lined up with the United States in defense of western civilization is an event that would be astonishing in other times. Now we seem to accept this fact as a matter of course. The much-heralded "yellow peril"

not only disappears, but we turn with hope and confidence to the two great countries of the Orient to save us from the apostle of European Kultur! It is not strange that the United States and Great Britain should be found united; for, although enemies at one time, there has been a gradual growth of a better understanding between the two countries. France, Russia and Italy, as well as the smaller countries on the Allied side, had always been on friendly terms with this country.

To each of the nations fighting with us we owe a great debt, and to some of them the obligation is immeasurable. At the outset of the conflict Belgium squarely placed herself in the way of the German advance and made it possible for France to get her forces in the field. Serbia, Montenegro and Roumania in the east also displayed great heroism. Russia also helped immensely in the earlier stages of the war, and while disappointment has been felt over the withdrawal of that country from the conflict, we must not forget these earlier services which were rendered at an enormous cost in men and money. Russian offensive and defensive operations held the foe on the eastern front, while the United States was making up its mind on the war. It is a fortunate thing for the Allied cause that Russia stayed in the conflict as long as she did.

What shall be said of France, whose very name it is impossible to pronounce without a feeling of reverence. If ever in history a nation has given an example of supreme courage, devotion and spirit, France is that nation. Infinite honor will belong to French citizenship because of it, and from it the spirit of liberty, courage and honor will draw perennial refreshment.

And the deliberate, dogged, unending courage of the British! On land they have fought all through these long years—east, west and everywhere—holding the foe at bay and giving hundreds of thousands of brave boys to be killed and wounded. On the sea, watching endlessly, ready to strike at the enemy's ships if they dare venture out. Helping beyond calculation in transporting troops, food and supplies where most needed, and protecting our very shores from the German navy.

And Italy, pushing forward in territory deemed inaccessible, defending her frontiers, staying the devastating march of the barbarians intent upon despoiling her cities, and winning a victory which put fresh courage into the hearts of the Allied peoples.

Japan came early into the contest and performed her allotted part in the Far East with precision and dispatch. Now she is leading an Allied expedition into Siberia for the purpose of liberating Russia from German despotism.

And China, long looked upon as a country asleep and indifferent, and not infrequently referred to with disrespect, arousing herself and going forward, too, for service in behalf of human liberty.

The nations on this side the Atlantic, in Central and South America, that have ranged themselves against Germany must not be forgotten, for they furnish a splendid example of disinterested zeal in the service of mankind.

Taking the Allied nations as they stand to-day, they constitute a noble company. Where, in all history, has a like spectacle been recorded? Shall we who are brothers in arms, fighting together with absolute singleness of purpose, not stand united until the world is forever rid of the damnable spectre of military autocracy, and then persevere until civilization shall be restored upon a foundation of international justice?



The Beginning of the End

AS the first battle of the Marne marked the frustration of Germany's plans, so has the second battle had a like result. But more than that, the outcome of this engagement marks the turning point of the war.

No careful and unprejudiced observer has ever doubted for a moment since the beginning of the war that Germany would be finally beaten. If that country ever had a chance of winning, it was thrown away when Belgium was invaded, for it was then that Germany deliberately chose to violate international law, to yield to the plea of necessity and to enter upon the pathway of dishonor. As the leading nations of the world were governed by a code founded upon honor and the strict observance of engagements, Germany by this one act virtually brought all the nations of the civilized world into the field against her. Either this was done through a deliberate design to ignore the moral law or through absolute inability to comprehend the existence of such a law. The former theory conforms to admissions made by some of Germany's statesmen at the beginning of the war.

While the ultimate defeat of Germany could long ago have been foreseen by those not blinded by prejudice, up to the present time the military advantage has generally rested with that country. There have been fluctuations in the situation favorable to the Allies, but they were of comparatively short duration. Advantages once obtained could not be followed up with sufficient energy to preserve the fruits of victory. We may now expect to see a rapid and continuous improvement in this respect. In driving the Germans back from the Marne General Foch has virtually started them at last on their return to Berlin. They may make strong counter offensives, and for a time may even gain important advantages; but

their successes will be temporary and they will soon be dislodged from each new foothold and pushed back farther and farther.

This does not mean that the Allied Powers can in the least relax their efforts; on the contrary, they must redouble them, for they still have a strong and determined foe to defeat. Moreover, this defeat must be so entire and so overwhelming that Germany can have no say whatever as to the peace terms, which must be prescribed altogether by the Entente Powers.

The road to Berlin is still long, but from this time forth it will continually shorten.



Pride in American Achievements

WITHOUT indulging in the slightest self-glorification, or being in the least unmindful of the longer service and immeasurably greater sacrifices of the other Allied nations, we can yet feel a solemn pride in the achievement of American arms in France. We know well enough that but for the long and brave defense made by the other nations our efforts now would be in vain. But it is a source of profound satisfaction that at least we were there in time to help in turning back the tide of barbarism before it had completely submerged civilization in its oncoming flood. And what gallant work our boys have done! They have shown themselves worthy of their country at its best. As the list of dead and wounded comes forward day by day the imperishable roll of honor grows ever longer and longer. Our troops have had to stand a severe test, fighting with only limited training against veteran soldiers of long experience in the camp and field. None of us doubted the courage, the dash and spirit of the American boys, but until the second battle of the Marne we did not know just how far this would counterbalance their comparatively limited training when they came into conflict with seasoned troops. Now we know. The American soldier, at the first onset against the foe, has done nobly, sustaining the honor of his flag and the glory of his country. As time goes by and he gains experience in the arts of war, he will on that account do even better, though he can show no greater spirit and bravery than he did in his first serious trial on the European battlefield.

In the achievements of these days, as in those of the long and trying months ahead of us, the American people will feel a thankfulness and pride in the character of the boys trained up in our homes and who have gone forth even unto death in defense of their country.

Rights of Property and Rights of Man

Commonwealths and states were established principally for this cause, that men should hold what was their own.—CICERO.

WARPED ideas in regard to the supposed distinction existing between the rights of property and the rights of man are responsible for much of the prevailing social discontent. An illustration of this mental strabismus was afforded by some remarks made recently by Professor Scott Nearing at the Rand School of Social Science, New York. According to the New York "Sun," Professor Nearing said:

"Posters on the street say, 'They give their lives; won't you lend your dollars?'—but they did not give their lives; we conscripted the soldiers and sent them over there to fight in order that the rights of property owners might be protected.

"Law and order mean but one thing: the law of property and the order of property. The masters of the world have united and made the world a safe place for property, and I say to you that if the workers had been one-half as busy organizing there would have been no war in Europe to-day.

"The capitalists and upper classes have made a perfect machine in order that they might use the workers to their advantage. Their bonds are considered sacred and the interest is always paid, but last winter when a quarter of a million people were out of work in this city they simply told the unemployed that there was no more work.

"Tom Paine once said, 'The world is my country; to do good is my religion'; the banker says, 'Property is my world; profits my religion.'

"When you invest a dollar in Liberty Bonds, that dollar does not stop there, but keeps on going. It will go on for years and years collecting five or six per cent., even though the working man is unemployed.

"Last year in the Liberty Bond campaign the New York 'Times' printed a huge advertisement which said, 'Make the world safe for business.' That is exactly the sentiment among the masters of the present day, but not only of to-day; they have been building up this machine for centuries and centuries."

If such erroneous ideas were entertained by Professor Nearing alone, they might be dismissed as the vaporings of a superheated imagination. But they are held by very many people; some of them of far greater eminence than the author of the remarks quoted above. When William J. Bryan, then Secretary of State, was appealed to for the protection of American interests in Mexico, he repulsed his petitioners on the ground that they wanted the Government to protect their property; or, as the distinguished Chau-tauquan put it: "They were thinking of dollars."

There is even more eminent authority for the same view. President Wilson, not so long since, declared, in substance, that the great power of the United States must be used in defense of the rights of man, never in defense of the rights of property.

Both Mr. Bryan and President Wilson had in mind the employment of force to protect the property of Americans living in foreign lands. They did not, of course, mean to imply that force should not be employed to defend the property of our own people on their own soil.

Nevertheless, in making such a distinction between the rights of man and the rights of property, in foreign lands, they showed a disposition to regard the latter as of little consequence.

In the era of the French Revolution Mirabeau and Robespierre thought that property was the creation of law, and from this deduced the corollary that the law could at will deprive a man of his property. A better definition of property was that of Thiers:

“Man has first a property in his person and his faculties; he has a second, less intimately connected with his being, but not less sacred, in the product of his faculties, which includes all that are called worldly possessions, and which society is in the highest degree interested in guaranteeing to him, for without this guarantee there would be no labor, without labor no civilization, not even necessities, but instead destitution, brigandage and barbarism.”

The fundamental and anterior nature of the personal rights receive due recognition from M. Thiers, but he likewise realizes the sacred character of what man himself produces; that is, of property. Without personal liberty, the possession of property, at least of some kinds, would be of little use. It is said to be the custom among the Chinese that when a subordinate official displeases his superior he receives a polite note admonishing him that the air outside his own residence is not beneficial to his health. Under such circumstances, even though the offending official might be protected in the ownership of his automobile, it would be of little actual service. On the other hand, if he had his liberty, and thieves were allowed to appropriate his automobile without hindrance from the authorities, his liberty would be in effect limited.

The age of industry has truly been that of property, for it has multiplied the kinds and volume of property far beyond what they were in earlier times. But even back in the pastoral age there was property, though less of it and of another kind. Man's advancement in civilization has been coincident with his accumulation of property, and though much of this property is held individually, a large share of it has become a common fund against which all may draw.

Professor Nearing gets excited because, as he puts it, “the masters of the world have united and made the world a safe place

for property." Does he wish that it be an unsafe place for property—for the workingman's home, for example? In the city of Philadelphia they boast of the fact that thirty-eight out of every hundred families own their homes. What incentive would the people there, or anywhere, have to acquire property if the protection of the law was lacking?

The desire to own things—that is, to possess property—is good or bad according to the manner and degree in which it is exercised. To acquire property by violence, fraud and robbery, which were the customary methods employed in earlier times, harms the despoiler and the despoiled. To gain property by labor or the skillful use of capital increases the world's production and benefits all mankind. The desire for gaining more and more property may become inordinate, leading to a blunting of the moral sense, and therefore harmful.

But until there has been discovered some better means of holding the race together than that which the Creator Himself implanted in the breast of mankind, the instinct of self-preservation, men will wish to keep on acquiring property for the benefit of themselves and of those who shall come after them. Despite some few examples to the contrary, the great majority of mankind will gain property, not by depriving their fellows of that which they already have, but by labor and skill in increasing the common stock. If those most immediately concerned in adding to the world's stock gain most for themselves, they have nevertheless contributed much to the common stock, so that mankind receive a benefit both individually and collectively.

What possible warrant has Professor Nearing for slurring the banker as he does? He says:

"Tom Paine once said, 'The world is my country; to do good is my religion'; the banker says, 'Property is my world, profits my religion.'"

Probably as measured by the vast annual turnover of the funds he employs, no one makes such slight profit as the banker. The cold statistics furnished by the Comptroller of the Currency utterly refute the above slander, for they show that during the period from 1870 to 1916 the national banks of the United States earned only an average of 8.58 per cent. on their capital and surplus. Rather a poor showing for a shrewd set of men who make profits their religion! If they wanted to make big profits, they could do better at almost anything else.

That profits constitute the religion of bankers is wholly at variance with the truth. The banker, however, in his business has a religion—that of sacred trusteeship, the wish safely to keep and promptly to return the funds which the people entrust to his care. Whoever has the slightest personal association with the bankers of

this country knows that they are not straining for large profits, but that they think always of safety before profit. And the bankers are thinking of the welfare of their employees and the welfare of the people also, for they know that only therein lies their own true advantage. An official of one of the greatest banks in the world declared not long ago that his institution did not exist for the making of money, but for the making of men. Studying the vast benefits conferred upon those who work for it and those who deal with it, the statement appears well within the truth.

Very loose ideas about banking and about the rights of property are being promulgated by people who ought to know better; and if they do not, they should refrain from darkening counsel with words without knowledge.



State Bankers Form National Organization

THE formation of a national association of state bankers at St. Louis recently naturally gave rise to the feeling that there is some dissatisfaction with the American Bankers Association. But the resolutions adopted by the new organization at St. Louis strongly disclaimed antagonism to the older society. Probably the state bankers have been led to form an association of their own in the belief that they can in this way better serve their own interests.

As the number of banks increase and the membership of the American Bankers Association grows, the difficulty of meeting all the requirements of the various classes of members also increases. It was in the attempt to meet this difficulty that the various sections of the American Bankers Association were formed. But it would seem that at least some of the state banks do not consider that their interests are sufficiently cared for under existing arrangements. Possibly, at the coming convention at Chicago, it might not be impossible to make some concessions that would accomplish the ends the state bankers have in view without necessitating a separate organization.

In time it may become desirable to reconstitute the bankers' organizations generally. The membership of the American Bankers Association might include the members of all the state associations, the conventions of the larger organization being composed exclusively of delegates selected by the various state conventions. This would give the conventions of the American Bankers Association less the appearance of a mass meeting than they now have. The honor of being appointed a delegate to these conventions would inspire honorable rivalry among the bankers in the different

states, resulting generally in the choice of representative men. This would tend to increase the dignity and influence of the conventions of the American Bankers Association, provided the number of delegates were made large enough. It might be well, in order to insure a thorough discussion of the measures presented at the convention and to afford an opportunity of digesting the papers read, to prolong the time of the convention for some weeks, giving to the gathering somewhat the aspect of a congress of bankers. If it is thought still desirable to preserve the mass conventions, with their large attendance and opportunities for getting acquainted, the last week of the session might be set aside for this purpose.

The conventions of the American Bankers Association are now quite different from those of twenty years ago, and it is not impossible that in the near future other important changes may be found desirable, the object being to so adapt the organization to the changing requirements of the times as to afford the highest degree of usefulness to the banks of the United States.



Elements of a Successful Human Life

AS I see it, any human life in order to be a successful human life, must satisfy six or seven of the great fundamental human instincts. In my classes I have been enumerating them as follows: First, there is the instinct of self-preservation, about which little needs to be said, because we all recognize it. The trouble is, we harp too much on that one string. We think that is all the workman is interested in; that his interest is confined to his pay envelope. Undoubtedly that is the most fundamental thing. But there is also the instinct of self-expression, or the instinct of workmanship; there is the instinct of self-respect and respect for others; there are the instinct of self-sacrifice or heroism; the instinct of love, or the home-making instinct; the instinct of loyalty; and possibly, whether it is innate or not I do not know, the instinct of worship. If we examine the misfits of life, those who fill our insane asylums, our prisons, our hospitals, you will find that they are made up of people who have not been able to satisfy all, or possibly

any, of these fundamental instincts.

In order that the laboring man may live his life, he must satisfy something more than the instinct of self-preservation. His life cannot amount to much if it merely consists in keeping body and soul together. And yet, with strange blindness, the employer assumes that the only thing his employee is, or can be, interested in is his wages. Hence these ingenious schemes, like the Taylor system, for trying to get more work out of labor consist entirely of thrumming on this one string—trying to hold out a bale of hay for the donkey, and as he approaches it, making him walk the faster to reach it. I believed thoroughly in these systems, and in piece work, until I began to understand what at first had appeared to me strange, the objections on the part of the laboring men, though they did not and do not themselves understand the nature of their objections. Their souls are hungry and thirsty to satisfy these great instincts, but they do not know it.—PROFESSOR IRVING FISHER, Yale University.

Improvement of Bank Methods

By HOWARD M. JEFFERSON, Auditor Federal Reserve Bank,
New York

PERHAPS the best way to study our subject is to analyze the channels through which any programme of improvement work is usually carried out. There are five important avenues of progress, namely, Organization, Personnel, Methods, Equipment and Standardization. It is my purpose to review, briefly, what may be done under these various headings to bring about material improvements in bank operations.

ORGANIZATION

Let us begin by taking up for discussion the subject of organization. The word "organization" is intimately associated in our minds with the army. In speaking of a large industry we frequently say that it is an "industrial army." We always understand the phrase to mean that the group of men and women to which reference is made constitutes a homogeneous and well organized unit. No better organization than that of the army can be devised for rapid and effective operation. The common soldiers are subject to the captains, the captains to the majors, the majors to the colonels and so on to the general. Orders are transmitted through these well defined channels or lines.

It would be impossible for the general to study all the minute conditions that enter into and determine the final plans, so he picks specialists to make these studies. One of these may be an expert in engineering, another in sanitation, another in transportation; others may be specialists in housing, in feeding and in medicine. They study the conditions, prepare plans and re-

port to the general. These specialists constitute the staff. Every function in such an organization is classified and placed where it belongs. It is the duty of the rank and file, the line organization, to push the routine through the channels laid down. It is the duty of the staff management to perfect the channels. Together they constitute the so-called functional organization that has given such good results in many industrial concerns.

Banks have used the functional type of organization to some extent. The protection of assets has made it necessary to differentiate between functions, which if combined under one head would invite defalcation. We understand thoroughly the difference between teller and bookkeeping functions and they are rarely executed in the same department even in the small banks. In the larger institutions still further division of function is made and additional protection secured by establishing checks and counter checks. The line of cleavage follows the divisions between the natural functions. Managers are placed in charge of each new division as it is created. We speak of these divisions as departments and the members of the departments with their chiefs constitute the line organization in a bank. They perform the banking operations, they get the work done, looking to the chief executive for instructions.

While we have been following correct principles of organization in the creation of departments in the line organization, we have also created some staff specialists such as advertising and "new business" men, purchasing agents and employment managers, a few edu-

cational experts and social service workers.

The department heads in the line organization frequently perform staff functions by studying conditions within their own departments and planning new methods. This study is almost invariably done under pressure and plans frequently drag along for weeks and months before being finally adopted. A continuous chain of thought, so important a factor in constructive work, is impossible and the quality of the work suffers accordingly. Of vastly more importance, however, is the fact that the plans of one department are rarely coördinated with those of the other departments, resulting in a lack of unity.

These specialists in the line organization have been doing eighty per cent. routine work and twenty per cent. original thinking. Many of these men would reverse these percentages and show twenty per cent. routine and eighty per cent. original work if given a chance. The man with a constructive mind, the man upon whom you can load a set of business conditions and facts out of which he will construct an organization or a set of records, or both, is a rare gem. He does not appear very often in the kaleidoscope of employees. If you have such a man in your organization take him out of the routine, place him at work in a division where he can give those abilities full swing — give him a chance to show what he can earn for you.

It takes from three to five men behind the lines to support one man at the front. If we are to meet this drain and measure up to our duty in this great struggle we must have the best organization in our business that it is possible to obtain. Organization is a big subject full of points for discussion. It is certain, however, that some one must perform the operations and that some one must plan the manner in which the operations shall be performed. If performing and planning are done at the same desk at the same time one or the other must suffer, usually the planning. Let us give the most earnest consideration to our or-

ganization, eliminate the conflicting lines of authority and assign all work to the men who are the most ably fitted by training and experience to render the most effective service.

PERSONNEL

The next topic I wish to discuss is personnel:

A doctor in a live country town made it a practice to have a young boy in his office to do odd jobs. He had a novel way of selecting these assistants. He was somewhat of a ventriloquist and numbered a skeleton among the tools of his trade. He kept the skeleton in a closet and had arranged a string to the lower jaw-bone, so that he could make it move up and down from his chair.

He interviewed one day a good specimen of Young America who applied for the job, and as usual gave the boy a bowl of steaming hot porridge and told him to open the door and feed it to the man in there. As the boy put the first spoonful in the skeleton's mouth the jaw began to move, and say, "It's too hot! It's too hot!" to which the youngster replied, "Well, blow on it, you old boney!"

If we have studied our institution and have organized departments to care for each kind of work, if we have picked out a few specialists as a staff organization, we have set up a good skeleton. We should not be afraid to finish the job. It is a real "old boney" if we do nothing more. It needs flesh and blood, a brain and a set of nerves, and moreover, it needs more study than is usually given to put the parts of the anatomy where they belong. Eyes must be set in the eyesockets and not where the ears should be. If we should accidentally get the arms mixed or put a leg where an arm should be, we would have a weird looking specimen.

You say correct placing of clerks cannot be done in these days because men are so scarce that we must take just what we can get and make the best of it. That is just the point; we

must make the best of it. We must not put a man on the discount desk if he should be polishing brass. He will make a mess of the discounts and the brass will remain unpolished. Let us find the right job for each individual, particularly in these times.

I have been leading up to the question of scientific selection of the man for the job. The first thing to do is to analyze the job. You would not hitch a trotting horse to a plow, would you? You would not have the heart to chase a lapdog after a burglar, would you? No, and you would not put a Slavic peasant at your teller's window. You would put a quick-witted, happy-spirited, good-tempered fellow at the job, who would scare the crooks away and be an asset to your business building efforts.

There is a wide difference between tellers' work and filing. Counting money and analyzing credits demand entirely different types of minds. Checking discounts and typing letters are as different as they can be. We might also contrast preparation of advertising copy and running a ledger, investing the bank's funds and guarding the vault door.

Let us take a simple case for illustration.

Filing is a monotonous job. Reading letters all day, trying to decide where they are to be filed and how they should be cross-indexed, etc., etc., requires unflagging attention. Monotony is the key-note of the work. Filing demands the kind of mind that will engage in embroidering by the hour, just for the love of the thing. Experience has demonstrated that women are much better fitted for filing than are men.

When we started the transit department at the Federal Reserve Bank of New York we used boys to operate the machines. It was the first work they did in the bank and naturally they assumed that it was the least important, or we should not have put them at it. Later we transferred the boys to other departments and employed girls at salaries higher than we were paying the boys. We told them we were anxious

to build up a very efficient transit department and they should expect to find their field right there. We now have 167 girls in the department, supervised by nineteen men. We are well satisfied with the results.

While other lines of business have found that social service for their employees pays well on the investment, banks have been particularly backward in this respect. Those of you who have studied the figures secured through a questionnaire sent to trust companies throughout the country and printed in the *Journal of the American Bankers Association* for April, 1918, will know that the statement I have just made is substantially true.

Some of the interesting statistics produced by the survey are as follows:

In response to the question, "Do you have periodic meetings of your officers and department heads?" forty-eight per cent. reported "yes," and forty-six per cent., "no."

In reply to the question, "Have you a club or other feature whereby your employees come together periodically for the discussion of daily problems, betterment of method, etc.?" the surprisingly large proportion equaling eighty-six per cent. answered in the negative.

To the question, "Do you maintain a pension fund or other welfare work?" only four per cent. replied in the affirmative, while ninety-two per cent. stated "no."

Only eleven per cent. of the companies reported that they have any educational work for their employees, while eighty-four per cent. reported that no such plan was in operation.

In reply to the question as to employees taking the American Institute of Banking or other similar course of study, thirty-four per cent. indicated that their employees are taking such a course, while sixty-one per cent. indicated they are not. Of the companies reporting in the affirmative, the proportion of men indicated as having graduated from such course of study is only nineteen per cent., while seventy-two per cent. are indicated as having

failed to pursue the course to its conclusion.

It is safe to assume that of the thirty-four per cent. of the trust companies reporting not more than ten per cent. of the employees take the educational course. Then if only nineteen per cent. of these pursue the work to completion we have less than two per cent. of the employees doing really effective educational work.

Bear in mind that all of these percentages were compiled by trust companies which are generally situated in the larger cities and so would naturally be expected to show better returns in the matter of social service than banks in general which include those in the small cities and towns.

Very little, if anything, has been done by banks in the way of inspirational work, though the business world is full of examples from which suggestions might be drawn. Many times in the past fourteen months we have caught the inspiration of the thermometer or the clock-face on the Town Hall. Each campaign was a game in which we were keenly interested. But have we ever stopped to think whether we have applied similar methods inside our own bank? There is nothing new in this scheme for getting things done. Salesmen, particularly specialty salesmen, have been chasing quota prizes for years and winning them, too.

Mr. Schwab—"Charlie Schwab," as he is lovingly called—was drafted from the Bethlehem Steel plant and was put to work building ships. Within a few days after his arrival at the ship yards, the papers were full of reports of contests in riveting. The number driven per day jumped by leaps and bounds. He did the same thing at South Bethlehem—made every job a study, from shoveling ashes to handling the manager, and in a short time every man in the plant was on his toes and making heaps of money. He relies upon two forces in accomplishing these results—enthusiasm and rivalry.

The whole subject of personnel including scientific employment, fitting

the man to the job, systematic instruction, social service and inspirational work is so full of possibilities for banks, so much money can be saved, so much more work can be done with the same help, the men and women in our employ can be made so much happier in their daily tasks, that I hope some real progress will be made in this respect while the war is compelling us to conserve our man power as well as our material goods.

METHODS

Having made a careful study of our organization, having selected a staff of clerks and having fitted each man to his job, the next step is to improve the methods of operation. Recently I had an interesting experience with my old Ford car. We were back in the country with friends in a larger car when something went wrong with the electrical mechanism of the Ford which caused it to misfire in one and frequently in two cylinders. At the same time my friend's car backed into a ditch. I promptly hitched on and pulled it out of the hole. When I reached the garage, and, in giving instructions to the mechanic to put the car in shape, mentioned what I had done, he told me in pretty plain terms that I had taken big chances with my engine. He said that I might have wrecked the old Ford beyond recovery.

So it is with hit-or-miss methods. We may slip down hill or run along fairly well on the level but if we make a hill at all we shall "go up on low," waste gas, heat up our engine, and be continually in great danger of straining something badly. There is neither necessity nor virtue in taking the costly process of learning by our own mistakes. Let us profit by the mistakes of others. Let us plan in advance.

As a practical working example of planning in advance—when the chief of our examining division expects to examine a big department, he first sits down and thinks it over. He studies the ground to be covered, the safes and boxes to be sealed, the number of men

required, and the best man for each part of the work. If the job is a big one, he appoints captains and dictates instructions. In consequence, each man fits into the work of the department examined with the least annoyance and with no friction. It is a rare thing for a department head to be annoyed by the sudden appearance of our examining crew.

Adding-machines have given us many new methods. Some of us remember the days when deposit slips and long demittance letters were checked out and the whole mass of checks dumped into one jolly mess, sorted out again and listed for the final proof. Our first use of machines in this work was to relist the deposits as soon as received and prove without checking. Then we decided we would make some real progress and we sorted the checks received with each deposit down to their final divisions and listed them by groups on a sheet. The total of the various groups equalled the total of the deposit. So we evolved the block sheet without which life today in a bank would be a burden. This system works so well in our transit department that the items sometimes jump from 75,000 to 100,000 in a day and the girls finish the work within thirty to forty-five minutes of the average time.

My first impression of a file department was that it was a place to discourage poor clerks. In this regard it functioned beautifully; it would have discouraged a saint. When I was first turned loose in a badly managed bank, I convinced the officers that an adequate filing system was essential and secured from each of them a pledge to support the new system after it had been established. For you know an up-to-date filing system must be supported as well as installed.

The general files of the Federal Reserve Bank of New York were well handled from the very start. An expert was employed and given proper authority and support. Later we turned the accounting files over to the file clerk and she is now planning a system for the old records that are be-

ginning to accumulate in a storage warehouse.

Our accounting files are managed in the same manner as an open shelf library. Any clerk whose work requires him to use the files may pull down as many books, bundles of letters and tickets as he pleases and take them to a table for reference; but he may not return anything to the files. The file clerks follow him, pick up the material and put it away. He is prohibited from removing a ticket or letter and he may not take a file from the room without permission. In consequence we always know where to look for these things.

Doubtless many of you would like to have me discuss in detail the method of determining costs and account analysis. The subject is tempting but it is entirely too technical, too highly specialized to discuss before so large an audience. We may, however, discuss some of the general principles.

The first step in cost accounting is to determine accurately the departmental costs, then to find the per item costs, from which individual accounts may be analyzed. Costs have been worked out most completely in manufacturing lines. Take a locomotive, for example. It is evident that a definite quantity of raw material enters into its construction. The value of every piece may be determined to a penny. Some finished parts are added and the cost of these may be readily obtained. Practically all of the labor is a direct charge against the locomotive. The cost of the materials and of the direct labor constitutes a very large part of the total cost, perhaps as much as eighty-five per cent. The construction must be supervised, power must be supplied and rent or taxes on real estate must be paid. These, with other charges of a similar nature, constitute the overhead. It is evident that the distribution of these overhead charges against the locomotive, cars and other units under process of construction at the same time, may well be done in proportion to the direct charges.

In banking we have just the reverse

process. The charges which may be applied against any given department or depositor's account are very small in comparison with the overhead. The problem is to distribute the overhead and here is where the mistakes are made.

Some eight or ten years ago, a certain bank made a careful study of its operations for a period of one month. The time spent by each clerk was calculated and the cost carefully applied against the departments in which he worked. All other expense items were properly analyzed and distributed. They determined the cost of handling each item. Several years later I visited this bank and was privileged to look over their methods. They were still using the figures obtained in the original analysis. I stopped at another bank on my way home where the president boasted of his knowledge of costs. Upon inquiry I found that they were using the figures obtained by the bank above referred to, instead of figures obtained from their own analysis.

Can any man for one moment in these days of changing prices allow himself to think that a cost figure obtained ever so carefully last year, to say nothing of several years ago, in any line of business, is worth a moment's consideration to-day, much less a figure obtained by another concern? Would you lend money to a manufacturer working on that basis? No! you would not.

If you would know costs, you must study your own plant, and you must revise your figures from time to time. Consult with expert accountants and adopt wherever possible the principles of cost finding which have been tested by manufacturing experience.

Spasmodic improvement of methods will be made in the future as in the past. Some banks will be called upon to face difficult problems and they will solve them. You and I may be fortunate in hearing something about the discovery or we may not. We should have the machinery for comparing notes more frequently. We should study the progress made in industrial lines and

adopt any and all methods that will make for improvement in banking. We should let our own specialists spend more time in studying and improving our methods.

EQUIPMENT

Let us now consider the subject of equipment. In this connection I am reminded of a cobbler I heard of a few days ago. He is eighty years of age, is too feeble to ply his trade, is well looked after by his loving children, but still visits his shop every day and sits at his old work bench. The day does not seem to be complete without these musings at his accustomed place. While the sentiment connected with this aged man's devotion to his shop is touching, the thought also flashed across my mind that the old man must find the cobbler's bench comfortable. If comfortable, is it suited for the job? Let us see.

Much of the cobbler's work is held between his knees while he works with his hands. His feet must be firmly planted upon the floor; consequently the bench must be low. He must be able to make the bench play its part in holding the work, so he sits in a depression consisting of a leather covered hole in the bench. He needs quite a variety of materials and tools, and these are kept on the bench to his left and right. Except for the orderly arrangement of supplies and tools, it is doubtful if we could improve upon the cobbler's bench for the job of mending shoes.

If you go home at night physically or mentally tired you pick out an old Sleepy Holloy chair in winter, or a willow chair after much the same pattern in summer, or perhaps you are so fortunate as to possess an old Boston rocker. But if you are preparing to operate a typewriter or an adding machine, you would not select the cobbler's bench or the easy chair—no, you would get something businesslike—a swivel chair without arms, with an adjustable back, and you would set it at the proper height, and adjust the back to give you the best support. The chair properly set in this way would keep

you ready for instantaneous and intensive action.

I have seen many clerks doing inefficient work, almost going to sleep on the job, mainly because the chairs provided for them were conducive to sitting upon the spine and otherwise assuming the position encouraged by the reclining chair. I have also seen cases where the same rigid equipment was provided for a six foot giant and a little slip of a girl doing the same kind of work. How can their work possibly compare with reasonable standards? As a matter of fact the output of both falls below the standard attained by the clerk for whom the equipment is suited.

Some excellent special desks are made for special work. If you use card ledgers or extensive card indexes, you will find a number of designs in which the work is placed as close to the operator as it is possible for it to be. Flat top desks can be had with drawers arranged to suit the individual needs. Rapid reference files might be substituted for the old fashioned drawers for signatures and stop payment records.

While machines are used almost universally in listing work, we have only begun to realize their possibilities in record keeping, the need for which is increasing as women are filling the places of men. Even under ordinary conditions, much money can be saved by the proper application of accounting machinery. We introduced two machines at the Federal Reserve Bank a year and a half ago, costing \$1,500 each. They are saving between \$6,500 and \$7,000 each year in salaries, to say nothing of the supper money which would be spent by a department of 150 clerks in looking for differences.

We have about 1,000 items returned each day for one reason or another, and we write our letters of transmittal to the endorsing bank, giving full information regarding the items, a debit ticket, a copy for return acknowledgment and an excellent typewritten record—all at one stroke. The work is proved as soon as the last item is entered, the record is clear and legible,

and we do this work with three girls and two young men. We have not attempted to make a direct comparison of the saving because we never had a record of these items that could compare with the one we are now making.

Then there is the dictating machine—an almost unheard of instrument in banks. The process of touching the buzzer and waiting for a stenographer is still being followed universally. The stenographer makes the journey from her desk to the dictator's desk and then goes back to transcribe her notes. Many concerns which write large volumes of letters are using these machines and keeping the girls busy transcribing from morning until night. I have often wondered why they are not used in banks more than they are, but have never arrived at a satisfactory conclusion.

It is a pity to introduce with merely a passing word the subject of establishing proper standards of lighting, heating and ventilating. We can turn the night time into day time and give our clerks the sunlight of good cheer. Our offices are more frequently over-heated than under-heated, strange as it may seem in these days. Too much heat is probably worse than too little. How I envy the bankers in the smaller cities and towns who have sufficient elbow room and breathing space! Ventilating problems need not be so serious with you as with banks in the larger cities, but do not be satisfied with God's out-of-doors on the outside of the bank; let some of it get in at least once in a while.

There is a great amount of satisfaction in an orderly and efficiently equipped office. We should never hesitate to spend money on equipment when it may be demonstrated that it will earn its keep. The subject is extremely fascinating, but we must leave it and pass on to the next.

STANDARDIZATION

So far as I know nothing has been done in a large way in the matter of standardization of banking operations. The field is full of possibilities. Let us

draw again upon the industrial world for a comparison.

Our first destroyers were authorized twenty years ago. They were about one-half the size of those now being turned out. The average time consumed from the time the keel was laid until the ships were ready for use was two years. During the past ten years this average has been reduced to about eleven months. A few days ago we read of a destroyer which was made ready for launching in seventeen and one-half days. She was eighty-four per cent. completed when she touched the water. We also know that parts of ships are now being fabricated in all parts of the country from standardized drawings and specifications. The parts fit when placed together; the rivets are driven home under standardized time schedules, or better, and the ships are being launched at a pace that must sicken the hearts of the Potsdam gang.

Now, what is the lesson for us? A very large part of this great saving of time is made in studying operations and in reducing them to a standard basis. The same methods might be employed in any kind of bank work that has in it the elements of mechanical operation. There are many such operations in small as well as large banks.

Did any of you, for example, in going through a large money department, note the different ways the workers have of using the sponge? The sponge is used to dampen the fingers so that the bills can be separated from each other. Some clerks wet the fingers of the left hand, some those of the right hand and some wet both. Thumbing or fingering bills is accomplished in quite as many different ways. One method is best in each case.

Did you ever see the women in the Treasury Department at Washington count the sheets of new money by spreading them in the same manner that a printer does sheets of paper? We have several of these money spreaders at the Federal Reserve Bank and they turn out a tremendous amount of work

in a day. Currency handling is worthy of a thorough study.

Along this same line, have you ever noticed the different ways clerks have of turning checks over as they list them? Some do it one way and some another. If we could find the quickest way and teach it to the clerks we would immediately increase materially the average number of checks handled by those engaged in the work.

We could do the same thing with listing checks on the adding machine but we are content to have some of our boys turn out more work than others, perhaps win prizes in contests and never ask why one clerk works faster than another. Speed in matters of this kind is simply a question of eliminating lost motion and if one clerk has found a way to do it, it should be an extremely simple matter to teach it to the rest. There are countless short cuts in banking operations known to our clerks. We can find these by analysis, improve them still further, reduce them to a standard basis, and teach them to all the clerks.

Standardization in printing would save money at every point of designing, printing, using and finally of filing. Standardization may be applied to desk arrangement, internal and external, to machines, supplies, instructions, methods—and in many other ways.

When a standard basis of operation has been found, the instructions should be reduced to writing and followed without deviation until an improved process has been discovered, tested and adopted.

THE PLANNING DIVISION

I have dwelt upon the importance of proper organization in our banks. I have described and illustrated the processes which are necessary to the development of an efficient personnel. I have demonstrated the possibilities in an intensive study of methods. I have shown the field occupied by equipment and have hinted at some of the possibilities in standardization of banking operations. In this manner I have unfolded to you a general plan of im-

provement work. However, the success of such improvement work is predicated upon the existence of a vehicle of more substance than merely a general determination on the part of the executives to strive for improvement. Unless you have an organization to carry out your improvement plans they will collapse under their own dead weight.

Now, the practical question is, "How may this organization be created?" "How may it be introduced into a bank's operations with the assurance of doing effective work and obtaining tangible results?" The answer to the question lies in the establishment of what is known as a planning division. Such a division of your organization may be intrusted with the responsibility of initiating improvement work along the lines touched upon in this discussion.

Pick out the best man you have in the bank for this work. Make it possible for him to keep in touch with the

best thought on the subject of management. Give him some letters of introduction to banks and other business houses in the large centers and send him out in search of ideas. He will come back from the first trip with the objective viewpoint. He will stand at a distance and study your organization and be ready to talk to you about improvements in a short time. Support him with assistants as needed. Make it possible for him to have frequent conferences with you and others who may be classed as the staff organization.

If you find you have no man in your organization who is capable of creating and developing a planning division, call in some outside help and have a man trained for the job. Any money spent in this way will not only return to you a fruitful harvest, but it will help you fight the bankers' part in this world war in the most effective manner.



Ancient Banking Myth Exploded

[From "Japan at First Glance," by J. I. C. Clarke.]

MAY I just for a moment put a blotting finger on a most absurd story one meets everywhere, doubtless started some years ago by some malicious pro-Chinese foreigner of the kind I have described elsewhere seeking to say something hurtful to Japanese credit and self-respect. I allude to the Chinese-cashier story, which is generally put in these terms: "The Japanese may be a smart people, but how is it they are obliged to have Chinese cashiers handle their money in every bank in Japan? They say that they cannot trust the honesty of their own people. Is that so?" The answer is that it is simply and absolutely untrue, though it persists. There are no Chinese employees in the banks of Japan. What,

at any time, gave color to the story, and stamps it as to its origin, is that in the Chinese branches of Japanese banks, in Shanghai, Peking, Hankow, for instance, a Chinese teller was often employed to deal in their own vernacular with native Chinese customers. I came across one such in the Peking branch of the Yokohama Specie Bank—a big Manchu who spoke half a dozen Chinese dialects, and functioned with an abacus as he ladled out cash in silver mostly to small customers. Since the starting of the story it has operated to the ousting of all such Chinese that could be spared from the branches in China. Thus does malice hurt even its friends. It is about time for the story to disappear.

Willie Madigan's Climb up the Banking Ladder

By HARRY T. JONES, Chief Clerk Market and Fulton Office
Irving Trust Company, New York

LESS than a dozen years ago Willie Madigan strolled into a bank in the metropolitan district, looking for a job. Eluding the special officers who usher visitors, Willie found himself face to face with another kind of officer, a vice-president of the institution. The man was not interested in the hiring of help, and read his mail between grunts, as Willie kept on talking. That did not bother Willie. He explained that he was fresh out of school, he wanted a job, and the job must be that of a bank clerk.

The vice-president heard all that Willie said, even if he did devote time to reading his mail. He was impressed with the youngster's aggressiveness, in seeking the position, and turned Willie over to the proper person with instructions to install him as a telephone boy—salary, \$35 per month. To-day William Madigan occupies a position of trust in the same bank; salary, \$416.66 per month, and his ability, coupled with the aggressiveness which he first showed, has attracted more than passing notice from his officers. He is in line for an executive position, when the opportunity presents, and will not be found wanting in the moment.

NOT AN UNUSUAL CASE

Now, this is not an unusual case. It is typical of incidents that are happening daily in all parts of the country. It goes to show that the bank clerk who dedicates himself unselfishly to his task, and masters it in every detail, is always in demand. Office partitions will be torn out to make room for a

coming man, if it can be shown that he will benefit the bank with his executive ability. The man with special knowledge in the business of banking and the ability to apply himself has the same chance to advance to the top as all others who have gone that way before.

One of the most important reasons for the success of William Madigan was the fact that he specialized in every operation which he undertook, used a broad vision, and put everything he had into his devotion to a single task—banking.

All of this points a moral to the young American striving for success in the banking field. He must dive deep and often if he wants to learn the hard cold truths of his profession. Specializing—learning—working hard is what has brought the Canadian bank clerk up to the wonderful degree of proficiency which is his characteristic. He goes right to the bottom of things and makes banking his business.

Willie Madigan reached the bank first every morning, and he had his lunch with him. He stayed in the bank during lunch hour and kept busy. He found something to do every minute of the day, and he did not keep union hours. He specialized.

The telephone service in the bank improved so that one could get a desired number without waiting and cussing. Willie worked out a plan whereby his signals to different departments meant lots more than the simple tinkling of the bell. In six months Willie moved up. He became Bill Madigan. It means a promotion even among your

fellows when they drop the Willie for Bill.

Do you suppose that Billy had to go in and strike for a raise? Do you suppose that a boy like that, of average intelligence, working for a bank, would be permitted to stay on the telephone exchange for long? Don't you know that the kind of service that Willie Madigan dealt out commands the highest salary which the position will justify, and ultimately reaches the pinnacle of success that effort can achieve?

THE POWER OF IMAGINATION

When Billy was promoted he immediately began to use his powers of imagination. He got his thinking apparatus in working order. Now that he was advanced one step up the ladder, he decided that it was the result of a plan of his own, carefully worked out, with a distinct goal in his imagination just ahead.

The man who succeeds in the long run, and whose success is no accident, is the man who, in his imagination, has charted his course long before. He is the man who makes plans. I do not care whether he be a vendor of peanuts, a builder of locomotives or a bank clerk.

So in mapping out his course the clerk with development must analyze himself carefully. He must build for the future. He must have in his imagination a standard of ethics. He must have in his mind a store other than the reality, in which he mentally dwells and of which his life's work is to make a reality.

RESPONSIBILITY, TIME, AND IDEAS

In his new position Billy Madigan used the same tactics as he employed when telephone-boy. If he made a mistake (like we all do) he shouldered the responsibility of it. He did not endeavor to place the blame for the error on any one else, or the system, but was big enough to say simply, "That was my mistake." He might make another error yet he never made the same one over again.

Responsibility develops a man. And it doesn't have to be the responsibility of a big job. That only comes after a man has proven that he can be responsible for little things. Billy Madigan proved this and was promoted again. This time he broke into smithereens the old adage that seniority counts in the rule of advancement. Billy Madigan jumped over the heads of fourteen other men in his leap to a higher position in the bank. He still specialized.

Madigan on some occasions chummed with a bookkeeper in the bank, who lived near him. Six years ago both worked on the same desk, drawing the same pay. Madigan suggested that they both take a course in the higher arts of the banking business. Madigan took it. His chum, the bookkeeper, didn't. To-day, Madigan is up near the top, while the bookkeeper still remains a bookkeeper.

I believe in the old saying that "all work and no play makes Jack a dull boy." I believe in rest and recreation and in play. And I also believe in study. The doctor has to keep right up to date on new treatments of disease. The lawyer has to study constantly the big cases in the courts. The successful merchant has to study general business conditions. And so you in your work (and never mind what that work is) should study to keep up to date. Have a healthy good time, yes, but during the hours out of business it is a mighty good plan to go fifty-fifty with play and study.

Billy Madigan toted around with him a small memorandum book. The same kind that one carries in the vest pocket. In this little book Billy jotted down some ideas for improvement in the work he was doing, as well as improvements in other departments. Billy took his ideas to the proper authorities and in some cases as they proved perfectly workable they were adopted, with full credit given to the originator. In other cases some of Billy's ideas were not practical, and could not be used by the bank. This, however, never daunted him. He could not be expected to put over a successful scheme, every time he

tried it. He had still more to learn about the banking business. Yet the fact that Billy came forward with an impractical idea did not work against the future success of his life in the bank. Rather it showed the officers that here at least was one man who had the interests of their institution at heart. Realizing this, they moved him up to a new position in the bank. Instead of Billy, he became William.

It was while he was employed in the mailing department of the bank that Madigan exhibited his keenness for the business down to its minuteness. He noticed that letters and packages were weighed on an ordinary grocer's scale, in order to ascertain the necessary postage to be attached. He also noticed that his fellow clerks were not particularly careful about the correct adjustment of the weight question, more often than not letters going out with stamps affixed which were not really needed. This cost the bank money. Madigan knew that it was a defect in the system. He knew, too, that he could remedy it; or, at least, he thought he could.

He spoke to some of the clerks about a change in the art of weighing letters and the hap-hazard method of affixing stamps. They laughed at him. "We should worry," they said; "the bank is rich; why dilly dally with such trifles?" But the matter did not appear so trifling to Madigan. It was not long before he was placed in entire charge of all outgoing mail. His little notebook played an important part upon his assuming the new position.

The idea of improving the defective system of stamping letters had been carefully noted. Madigan applied for a requisition to install a mechanical device which weighed the letter and showed the exact amount of postage required, all in the same operation. He got it. When the machine was working perfectly, the clerks took to it like children to a new toy. Every one wanted to use it. And Madigan saw to it that if it took 8 cents to mail a certain letter, the bank used 8 cents worth of stamps—no more, no less.

At the end of twelve months Billy

Madigan, as he was then known, produced the record of last year's postage expenses. He compared his own record of the current year, and submitted his report to those who had authority to audit it. The report showed that Billy had only saved the bank the small item of \$720 in the matter of postage during his first year on the job of mail clerk.

Of course the bank's officers thought this was a trifling matter that Billy had simply dilly dallyed with, and they merely showed their appreciation by immediately promoting him to a position where they could still more readily take advantage of his intuitive ability.

EFFICIENCY AND PERSONALITY

Madigan is to-day one of the most popular men in the bank with his fellows. His advice and counsel is sought on every hand by older clerks and youngsters alike. All through his rapid rise in the game of banking he has never forgotten to treat others as he would himself be treated. He is always the first to support an idea of another, provided he thinks it feasible. And he will also be one of the first to go down in his jeans to furnish the wherewithal in the furtherance of any scheme of sport in which the clerks seem particularly interested. Madigan proved that he could become an efficient man and still retain his popularity with men over whom he had advanced.

William Madigan has the right idea about efficiency and the method used to acquire it. Up to a few years ago the word "Efficiency" meant very little to the average man, and not very much to the expert. To-day we hear about it on every hand.

But, after all, many of us do not get it from the right angle. We figure out in a vague sort of way that efficiency means making somebody do more work in the same time, for the same money or less. That isn't the idea at all. Real efficiency means doing all work easier: naturally this would mean more work, and as pay has always been based on results, it means more pay, whether

that comes in the way of money or satisfaction or both. Physical efficiency assures, under reasonable conditions, mental efficiency, and the two together spell personal efficiency; the thing first to be desired from the standpoint of both the employer and the one employed.

Efficiency begins with an inward desire to do something in a better way. One definite step, however small, will do more to set a good thing going than any amount of desultory contemplation. You can pull away from current detail long enough to consider your work as a whole, and formulate more definitely your ideas for possible improvement. These are the lines along which Mr. William Madigan worked to attain his present position; he is still specializing in the banking business, which is giving him fine returns for brains invested. Promotions do not surprise him. He knows they are the result of plans carefully laid out and that he himself is the architect of those same plans.

CHANCE FOR ALL

Now any one can do as Madigan did. And in matching him or his progress you would not have the handicap of having to start as telephone boy. Most of you are further up the ladder. Yet Willie Madigan turned what some of us might term a handicap into the most valuable asset in his career. The service he gave while attending to his duties at the telephone was the means he first employed to attract the attention of his officers to his work. If it had not been for that piece of clear-headedness he might to-day be still Willie Madigan holding a minor position.

It lies within the power of the average bank clerk to catch this wide-awake Madigan lad and pass him. It might take a bit of tall hustling to do it. It surely would take some hard work. But what of the reward? Is the job worth attempting? That is a question for you to decide.

Suppose the man living next to you while digging in his garden strikes a gold mine. The next day your neigh-

bor on the other side does the same thing. Question: How long would it take you to get busy in your own back yard? Answer: No longer than it would take to get a pick and shovel. There are other gold mines besides those in the ground. Some of them are situated right in the heads of America's bank clerks. Discovery of the nuggets depends upon whether or no we want to open the floodgates of inclination and dig in. It is never too late to start. They say that Opportunity knocks once at every man's door. I don't believe it. She knocks at the door of the bank clerk every hour of the twenty-four with a sledgehammer.

The bank clerk should respect his profession, the institution which employs him and himself. He should be honest and fair with his bank, as he expects the bank to be honest and fair with him. He should think of it with loyalty, speak of it with praise, and act always as a trustworthy custodian of its good name.

He should try to be a man whose word carries weight, in the bank and out of it; he is at once a pusher, not a kicker; a motor, not a clog.

He should base his expectations of reward on a solid foundation of service rendered; willing to pay the price of success in honest effort. It is up to him to look upon work as opportunity to be seized with alacrity and made the most of, and not as painful drudgery reluctantly endured.

Success lies within yourself. It is exemplified in your ambition, your courage, and in your determination. One can expect difficulties, yet if you have the right stuff in you, you can force your way through them and turn the hard experience into capital for future struggles.

Carry an air of optimism into the presence of the bank's officers, your fellows, and above all, into the presence of your bank's customers, whenever you come in contact with them. Be cheerful.

The successful bank clerk makes a study of his business; he knows his profession in every detail from the

ground up; he mixes brains with his efforts and uses system and method in his work. He finds time to do everything needful by never letting time find him doing nothing. He makes every hour bring him dividends in increased knowledge or healthful recreation.

Furthermore, the man who would follow in the footsteps which lead to the top must save money as well as earn it; he must cut out expensive amusements until he can afford them; he must guard his health of body and peace of mind as his most precious stock in trade. He should take a good grip on the joy of life, fight against nothing so hard as his own weakness, and endeavor to grow as a banker, with the passage of every day of time.

Stay on the job; the business of banking needs you, and the man who pays your salary will appreciate the fact that you are there. If you never expect to climb a step higher on the ladder, ignore this advice. It is meant for him who, by sheer force, would raise himself higher and higher toward the summit; not for him who is satisfied with eight hours a day, and the paltry salary that eight hours' service will bring.

Stay on the job and think about your business. Try to help your bank in every possible way compatible with honor. Excellence can be reached in no way save by hard work. Stay on the job and keep busy—your promotion will take care of itself.



A Fight to a Finish

By HON. THEODORE E. BURTON,

Ex-Senator from Ohio; President Merchants National Bank, New York

IN this war it is a fight to a finish; we can't give it up. If Germany wins it will be shown that the Kaiser's Government is better than our form of government and the doctrine of the Divine right of kings will spread all over the world.

Nations can no more live in peace and honor than individuals if they don't observe the laws of truth and righteousness. Has Germany observed these laws? In all the history of modern diplomacy covering the centuries there is nothing equal to that of which Germany has been guilty. She has been untrue and deceitful in her course toward us. We little realize the number of spies with which the country is honeycombed. They are going about under other names than German, tampering with our industries, obstructing progress, and trying to cut off our means of communication.

Germany went down into Mexico and promised that country three States of our Union if its people would help them out—it was like Satan tempting Christ with all the world's goods. They could no more have plucked three States from

our flag than they could have plucked three stars from the farthest constellation in space, yet they made the promise. They tried the game in Buenos Aires also, but didn't succeed.

To fight this war through self-sacrifice is necessary, and we must make it. If Italy is disabled we must go on, if France should lose Paris or Bordeaux we must go on, if England has to give up we must go on. Our soldiers and sailors must get the chief credit, but we must stand behind them, prepared to make any sacrifice in our power. We have to part with our boys in this great crisis; we must see them go. Let us unite, let us sink all partisanship, and if there are any among us who has not come out of the melting pot good American citizens let them get out of the country; the quicker the better, we don't want them and will not have them. If this war cannot arouse us we shall never be aroused. There has never been so serious a contest for liberty and righteousness as now. It is for us to be up and doing, doing what we can for the holy cause of righteousness, justice and humanity.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Is Discount Usury?

IT is the common practice in banking to take interest in advance, or, as it is commonly called, "discounting the note." Technically, this figures out at a higher rate than the law allows, inasmuch as the borrower has the use of a less amount than he pays interest on. It is likewise the custom to require the borrower to maintain a balance satisfactory to the bank as a condition of borrowing. Where this obtains, it virtually means that the borrower pays interest on a larger sum than he has at his disposal, for if he borrows, let us say, \$1,000, and must keep \$250 on deposit, he is not receiving the funds on which he has paid the interest.

This question is coming before the courts from time to time to determine whether or not such agreements are valid or usurious. The National Banking Law adopts the authorized rate of interest of each state as a legal rate for banks operating under such jurisdiction, and specifically authorizes national banks to take interest in advance, this interest to be computed at the legal rate.

The law of Georgia provides that no person shall charge any higher rate of interest than eight per cent., directly or indirectly, by way of commissions, discounts, exchange, etc., and it was held in the case of Loganville Banking Co. v. Forrester, that the reserving of interest in advance by a bank at the highest legal rate is usury. Therefore, a loan so made would come within the scope of usurious transactions. The question arises, "Does the act of Congress take precedence over the state

law, and would this practice be invalid for a state bank and permissible to a national bank?" The question is answered in *Cooper vs. National Bank of Savannah* in this issue.

Whether or not the keeping of a balance as a consideration of a loan is usurious, is a question of fact to be determined by the circumstances of the case. If the borrower voluntarily allows a portion of his loan to remain as a deposit, there would be no doubt that it would not be usurious, but an arrangement by which one seeking a discount is required to maintain the stated balance, has been held to be a usurious transaction.

Under conditions surrounding the present case, it was held not to be a usurious transaction, but the practice is open to legal challenge, and should be avoided, and a deposit arrangement should not be a part consideration of a loan.

Leading Cases

Usury

GEORGIA

Discount—National Banks' Special Deposit—Bank Balances

Court of Appeals of Georgia, Division 1.
Dec. 11, 1917.

COOPER ET. AL. VS. NATIONAL BANK OF SAVANNAH.

The national bank laws of Congress adopted as the authorized rate of interest that permitted by the laws of the several states where such banks might be located;

but Congress did not adopt the prohibition imposed by the Georgia statute upon the taking of interest at the highest authorized rate in advance by way of discount, but on the contrary, by section 5197 of the Revised Statutes (U. S. Comp. St. 1916, section 9758), specifically authorizes national banks to reserve, on any discount made, interest at the rate allowed by the laws of the several states.

Suit by S. F. Cooper and others, receivers of the Citizens' & Screven County Bank, against the National Bank of Savannah. Demurrer to amend petition sustained, and plaintiffs bring error. Affirmed.

STATEMENT OF FACT AND OPINION

• This suit was brought by the receivers of the Citizens' & Screven County Bank against the National Bank of Savannah, alleging, in substance, that the National Bank had knowingly received, charged, and taken from the Citizens' & Screven County Bank interest in excess of the highest contractual rate allowed under the laws of the state of Georgia, and it was sought to recover the penalty for usury imposed by the federal statute upon national banks. An exhibit was attached to the petition, showing a list of the notes made, and in each instance were set aside the date, the time the loan was to run, the interest charged, the highest interest charged allowable by law, and the amount actually charged in excess thereof.

Usury was alleged to have been received on each of these loans, in that interest was reserved in advance by way of discount at the highest rate allowed by law. The amount of such alleged usury was arrived at by taking the amount actually received under each loan and calculating 8 per cent. interest thereon from the time it was to run, and all interest reserved in excess of such amount was alleged to be usury. It was shown that each of the loans so made, including the alleged usurious interest embraced in each, had been paid at its respective maturity. It was further alleged that the defendant bank further knowingly took, received, re-

served, and charged the Citizens' & Screven County Bank, and the last-named bank paid to the defendant, a rate of interest greater than is allowed by law, in that it was understood and agreed between the borrower and the lender, at the time of the making of all of said loans, that the Citizens' & Screven County Bank should, at all times while it was a borrower, keep on deposit with the National Bank of Savannah at least the sum of \$10,709.31, which could only be used towards the payment of said indebtedness, and from the 2d day of November, 1914, to the 17th day of November, 1915, such deposit was continuously and uninterruptedly maintained by the borrower under such requirement with the defendant, all of which was knowingly done for the purpose of exacting usury from the borrower; the use of the \$10,709.31 to the Citizens' & Screven County Bank, which was denied to it, being worth at least a rate of interest of seven per cent. per annum, or \$1,499.30 for said period of time, and was equally worth to the defendant at least seven per cent. per annum during said period. An amendment to the petition was filed, striking the amount originally claimed to be the total amount of interest taken as being the sum of \$8,837.52, and substituting in lieu thereof the sum of \$7,338.22, and substituting double the latter amount instead of twice the former as the amount of the penalty sued for. The reason of this amendment is thus explained in the brief of counsel for plaintiff in error:

"The original petition sought to recover the amount of interest charged to the defendant in the petition on the deposit of \$10,709.31. This was amended and stricken, because the interest on that amount, while lost to the plaintiff, was not paid to the defendant. In other words, the plaintiff cannot recover under the statute for interest lost, but for usury paid, and while the requirement of the deposit, on the conditions named, was really in itself a usurious transaction, the plaintiff could

not recover the penalty computed on that amount."

Jenkins, J. (after stating the facts as above). 1. The Revised Statutes of the United States bearing upon the question here involved are as follows:

Section 5197 (U. S. Comp. St. 1916, § 9758): "Any association may take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidences of debt, interest at the rate allowed by the laws of the state, territory, or district where the bank is located, and no more, except that where by the laws of any state a different rate is limited for banks of issue organized under state laws, the rate so limited shall be allowed for associations organized or existing in any such state under this title. When no rate is fixed by the laws of the state, or territory, or district, the bank may take, receive, reserve, or charge a rate not exceeding seven per centum, and such interest may be taken in advance, reckoning the days from which the note, bill, or other evidence of debt has to run. And the purchase, discount, or sale of a bona fide bill of exchange, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts in addition to the interest, shall not be considered as taking or receiving a greater rate of interest."

Section 5198 (U. S. Comp. St. 1916, § 9759): "The taking, receiving, reserving, or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same; provided such action is com-

menced within two years from the time the usurious transaction occurred."

Section 5137 (7) (U. S. Comp. St. 1916, § 9661): "To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title."

The Georgia statute defines usury as "the reserving and taking, or contracting to reserve and take, either directly or by indirection, a greater sum for the use of money than the lawful interest." Civil Code 1910, § 3427. That Code (section 3436) further declares:

"It shall not be lawful for any person, company, or corporation to reserve, charge, or take for any loan or advance of money, or forbearance to enforce the collection of any sum of money, any rate of interest greater than eight per centum per annum, either directly or indirectly, by way of commission for advances, discount, exchange, or by any contract or contrivance or device whatever."

In the case of *Loganville Banking Co. v. Forrester*, 143 Ga. 302, the Supreme Court of this state held that:

"The reserving of interest in advance by a bank at the highest legal rate of interest on a loan, whether it be a short or long term loan, is usurious."

We might formulate and state the contentions of the plaintiff as follows: For a national bank to receive on any loan or discount more than the rate of interest allowed by the law of the state where it is located is a usurious transaction; in Georgia eight per cent. interest in advance by way of discount is, by the state law, usurious; therefore for a national bank in Georgia to receive eight per cent. in advance by way

of discount is usurious. The contention of plaintiff is sustained by the authority of the case of *Timberlake et al. v. First National Bank*, decided by the Circuit Court, N. D. Mississippi, 43 Fed. 231 (3), where it was held:

"Under Code Miss. 1880, which only allows interest on the amount of money actually lent, a national bank in that state cannot deduct interest in advance."

The ruling made in the *Loganville Banking Co. Case* is based upon the provisions of the Georgia statute against usury, which "expressly forbids an increase of the maximum interest rate by way of discount," and in that case it is stated that:

"All laws respecting the rate of interest charged for the loan of money by individuals are applicable to banks."

Citing Civil Code 1910, section 2336.

Therefore the question with which we are now concerned is whether, under the authority of the national bank act as interpreted by the federal decisions, a national bank can charge the highest rate allowed under the state law by way of discount in advance, although state banks are prohibited from so doing. Counsel for the defendant contend that they may, for the reason that while the state law specifically prohibits state banks over which it has control from thus exceeding the maximum rate by way of discount (which prohibition constitutes the basis of the decision in the *Loganville Banking Co. Case*), the national bank act (sections 5197, 5136(7), *supra*), on the contrary expressly allows and permits national banks to charge the highest rate allowed under the state law by way of discount, the meaning of such authorized power to discount necessarily being to take out and reserve such interest in advance. The acts of Congress providing for the creation and operation of national banks, as construed by the federal courts, constitute the ultimate and paramount authority on the subject. * * * In *Haseltine v. Bank*, 183 U. S. 134, 22 Sup. Ct. 51

(46 L. Ed. 118), the Supreme Court of the United States has said:

"The definition of usury, and the penalties fixed thereto, must be determined by the national banking act, and not by the laws of the state."

Thus, the act of Congress relating to the operation of national banks might have authorized them to charge a rate of interest in excess of that allowed under the state law; it might have restricted the power to discount under that rate to the right existing under the laws of the state where located; or it might have conferred such power to discount under the authorized state rate, irrespective of any such authority under the state law. It was within the scope of the authority of Congress to prescribe as the penalty for usury upon national banks that which is provided under the law of the several states; or it might, as was in fact done, provide a separate and exclusive penalty, which in fact happens to be double in amount and in severity to that imposed under the law of this state. It was the opinion of the eminent trial judge who sustained the demurrer in the present case, that the act of Congress did not adopt the state law upon the question of usury further than it relates to the rate of interest allowed by the laws of the states. In this opinion we agree. It does not appear that the federal statute prohibits, as does the Georgia law, the discount of paper at the highest contractual rate; but, on the contrary, it seems to specifically authorize any national bank to "reserve, * * * on any * * * discount made, * * * interest at the rate allowed by the laws of the state * * * where the bank is located." Section 6197, Revised Statutes. *supra*. It will also be observed that, under the language of the seventh paragraph of section 5136, R. S. U. S., defining the powers of a national bank, discounting is specifically included.

That the import of the word "discount" necessarily carries with it the charging of interest in advance is shown by what was said by the Supreme Court

of the United States in the case of *Fleckner v. Bank of United States*, 21 U. S. (8 Wheat.) 338. Judge Story, speaking for the court says:

"Nothing can be clearer than that by the language of the commercial world, and the settled practice of banks, a discount by a bank means, *ex vi termini*, a deduction or drawback made upon its advances or loans of money, upon negotiable paper, or other evidences of debt, payable at a future day, which are transferred to the bank."

See, also, the recent case of *McCarthy v. First National Bank*, 223 U. S. 493. A distinction has sometimes been held to exist between a direct loan and a purchase and discount of commercial paper, but in the case of *Morris v. Third National Bank of Springfield, Mass.*, 142 Fed. 25, it was held by the Circuit Court of Appeals, Eighth Circuit, that no such distinction can be made; and it is there said that:

"The discounting of promissory notes and other evidences of debt is within the express granted powers of national banks." Revised Statutes U. S. section 5136.

And the court further holds that that term is sufficiently comprehensive to include the acquisition both by way of purchase and by ordinary loan, quoting *National Bank v. Johnson*, 104 U. S. 271, in which latter case it was said that "the terms, 'loans' and 'discounts,' are synonyms." The *Fleckner* decision also holds that the taking of interest in advance in the ordinary course of business does not constitute usury. Thus the court says (21 U. S. [8 Wheat.] 354, [5 L. Ed. 631] that an authority to discount or make discounts, from the very force of the terms, necessarily includes an authority to take interest in advance.

"And this is not only a settled opinion among professional and commercial men, but stands approved by the soundest principles of legal construction. Indeed, we do not know in what other sense the word discount is to be inter-

preted. Even in England, where no statute authorizes bankers to make discounts, it has been solemnly adjudged that the taking of interest in advance by bankers, upon loans, in the ordinary course of business, is not usurious."

The *Fleckner* Case has been followed in many decisions rendered by the various judicatories of the country, state and federal, and it must be regarded as well established that, in the absence of any statute to the contrary, similar to that of force in this state, interest may be taken in advance by way of discount, at least on short time paper, at the highest rate allowed by law. * * * Thus, while in the able opinion of our Supreme Court, as rendered by President Justice Evans, it was held as the law of this state, and, as we think, manifestly correctly, that under the Georgia statute discount taken at the highest rate is prohibited as being usurious, the ruling made in that case would not apply to the powers of a national bank operating under federal law which does not thus prohibit the taking of such discount, but, on the contrary, expressly authorizes same, which practice, as thus authorized, has been declared by the Supreme Court of the United States not to be usurious. It is true that the *Fleckner* decision was rendered long prior to the enactment of the present national bank act; but the point is that this act as now of force authorizes discount at the highest rate allowed under the laws of the several states, and the ruling in the *Fleckner* Case holds that such practice is not usurious. As regards the operation of national banks within the state of Georgia, Congress adopted the rate of interest as here prescribed, but went no further, and not only did not adopt our inhibition upon discounting at that rate, but, on the contrary, gave specific authority therefor, which practice, in the absence of any such inhibition, has been held by the Supreme Court of the United States not to be usurious.

2. The gist of section 6198 of the U. S. Revised Statutes is to provide that the charging of usury by a national

bank shall cause a forfeiture of the entire interest; and that where such illegal interest shall have been actually paid, the bank shall forfeit twice that amount. Thus the mere charging or stipulating for a usurious rate of interest, which has not been actually paid, causes a forfeiture of any interest in an action on the debt brought by the bank, while the actual payment of usury to a national bank renders it subject to an action maintained against it for twice the amount of the entire interest paid. The questions, therefore, relating to the second ground of complaint, as set forth by the petition in the court below, are: (1) Did the requirement that the borrowing bank should at all times during the period covered by the different loans keep and maintain on deposit with defendant a sum amounting to not less than \$10,709.31, "which could only be used towards the payment of said indebtedness," render the transaction usurious? and (2) If so, could such consummate requirement be treated as such a usurious transaction as would not only prevent the recovery of all interest in an action for the debt brought by the lender, but one which could be taken as such an actual payment of illegal interest as would authorize an independent suit maintained by the borrower to recover the prescribed penalty of twice the amount of all interest actually paid? Counsel for the defendant bank contend that under the pleadings the sum required to be left with defendant did not exist as a general deposit, such as would have passed the title thereto in defendant and created the relation of debtor and creditor between it and plaintiff, but that the fund constituted a special deposit, or rather a "deposit for a specific purpose," which had to be held by the bank for that particular purpose only, and which the defendant bank could not have otherwise used. They say that if the plaintiff bank lost the use of its money while so held, such result was occasioned solely by its own failure to apply it in payment of the indebtedness, "which meant, of course, the principal of the indebtedness." De-

posits for specified purposes have been thus defined in 7 C. J. 631: "A deposit may be for a specific purpose, as where money or property is delivered to the bank for some particular designated purpose, as a note for collection, money to pay a particular note or draft, etc. While such a deposit is sometimes termed a 'special deposit,' and partakes of the nature of a special deposit to the extent that title remains in the depositor and does not pass to the bank, yet it seems more accurate to look on this as a distinct class of deposit. In using deposits made for the purpose of having them applied to a particular purpose, the bank acts as the agent of the depositor; and if it should fail to apply it at all, or should misapply it, it can be recovered as a trust deposit; and the agency created by the deposit is revocable by the depositor at any time before the purpose of the deposit has been accomplished."

It thus appears that the proper meaning of such a deposit is that in making same a trust fund is constituted, with respect to which a special duty as to its application is assumed by the bank. And it has been held in *Mayer v. Chattahoochee National Bank*, 51 Ga. 325, that where such a deposit is made with specific direction that it shall be paid out to a check in favor of a named party which has been or will be given, the fund still remains the property of the depositor until the bank either pays or promises to pay same to the person for whose benefit the deposit was made. But in the present case can the enforced deposit by properly regarded either as special or for a specific purpose merely for the reason that the plaintiff might have applied same towards the extinguishment of the debt? The main outstanding feature of its existence lies in the fact that it was enforced. It might be implied from the language of the petition that the lender could at any time, and before the maturity of the loan, withdraw the deposit for the sole purpose of applying it on the indebtedness; but such implied privilege could not be taken as changing the maturity of the loan notes, and so

such use of the deposit would merely constitute a prepayment, and as such would not relieve the maker of the notes from the payment of interest as provided for therein. It is true that upon the voluntary prepayment of a note, the exacting of the full specified legal interest which would have accrued up to its maturity does not constitute usury (*Savannah Savings Bank v. Logan*, 99 Ga. 291); but where such prepayment is not voluntary, but is compelled by reason of the fact that an enforced deposit in the amount of the payment is the necessary alternative, then, under either horn of the dilemma, either such payment or such deposit would constitute usury. In the search for usury, it is not the matter of form, but of substance, which is essential. Thus, if the requirement of the lender that the borrower should maintain such a deposit was in fact merely a scheme or device by which the usurious intent could be concealed, then the transaction would be illegal, whatever its form. In 29 Am. & Eng. Enc. Law (2 Ed.), 509 (2), the following rule is stated:

"In the case of loans or discounts by a bank at the highest legal rate of interest, a provision that the proceeds of the loan or discount or any part thereof shall be kept as a deposit in the bank during the period or a portion of the period of the loan renders the transaction usurious, for the reason that the borrower thus pays interest on money which he does not receive or have the use of. But the fact that the borrower voluntarily allows a part of the loan to remain on deposit with the banker, without any agreement therefor, will not constitute the giving or taking of usury, though such deposit is made with the expectation by the borrower that he will thereby be enabled to obtain further loans more readily."

In the case of *East River Bank v. Hoyt*, 32 N. Y. 119, it was held:

"An arrangement by which one seeking a discount at a bank is required to obtain a discount of paper amount-

ing to \$1,500, to secure the application to his use of \$1,000 of the proceeds, without the right to use the remainder thereof except in payment of the paper discounted when it shall become due, renders the transaction usurious and void."

Turning now to our second inquiry, and treating the transactions between the parties to the present suit as being in fact thus infected with usury, was there such a payment of illegal interest by reason of such enforced deposit as would authorize a suit to recover the penalty of twice the amount of all interest actually paid? Bearing in mind that we are now dealing with the transaction as regards the alleged payment of usury solely upon the basis of the allegations made relative to the enforced deposit, we find the rule in regard to the sufficiency of the payment of usury stated as follows, in 39 Cyc. 1091 (2):

"The payment of usurious interest necessary to entitle the debtor to recover the statutory penalty must be an actual payment in money or money's worth. Nothing less will suffice. A renewal or other substituted obligation given by the original debtor is not a sufficient payment."

In *Lomax v. First National Bank* (Tex. Civ. App.) 39 S. W. 655, it is held that in an action by a national bank on a note, a cross-action for the statutory penalty against the bank for taking usurious interest cannot be maintained where the plea of usury fails to give the amount of usurious interest paid. Referring to the petition in the present suit as amended, we find no allegation setting forth the amount of usury paid by plaintiff to defendant by reason of such required deposit. On the contrary, the original averment setting forth the amount of such usurious payment has been stricken by plaintiff, for the reason, as stated in the brief of its counsel, that:

"The interest on that amount, while lost to the plaintiff, was not paid to the defendant. In other words, the plaintiff cannot recover, under the statute, for interest lost, but for usury paid;

and while the requirement of the deposit, on the conditions named, was really in itself a usurious transaction, the plaintiff could not recover the penalty computed on that amount."

Thus, while the very able and learned counsel for plaintiff contend that the transactions embraced in the present suit are tainted with usury by reason of the enforced deposit, still, they themselves do not allege nor contend that such an executed requirement constitutes an actual payment of usury by the plaintiff to the defendant; and under the provisions of section 5198 of the federal statutes, an averment to that effect is a necessary requirement to the maintenance of a suit to recover the penalty there imposed for the charging of illegal interest which has been actually paid. See, generally, *Citizens' National Bank*. * * *

Judgment affirmed.



Guaranty by Wire

TEXAS

Ultra Vires—Guaranty—Defenses

Court of Civil Appeals of Texas, March 21, 1918.

EL PASO BANK & TRUST CO. VS. FIRST STATE BANK OF EUSTIS

The language of a guaranteeing telegram and the circumstances surrounding the parties at the time it was sent will be looked to in determining the parties' intention.

Where a bank telegraphed a bank at place of seller's residence that "we guarantee payment \$300 by" a named "produce company for carload watermelons," neither bank being a party to the contract of sale of the carload between the seller and the produce company, the guaranty contract was one of absolute guaranty of payment, rather than a guaranty of its collection; a guaranty of payment of an obligation without words of limitation or condition being construed as an absolute guaranty.

Where a bank absolutely guaranteed payment of \$300 for a carload of watermelons by a produce company, the guaranty not referring to the contract of sale, it was no defense to suit on the guaranty that the car was not shipped within the time agreed upon between the seller and produce

company, or that the melons were not up to the agreed standard in weight or quality.

Action by the First State Bank of Eustis against the El Paso Bank & Trust Company. From judgment for plaintiff, defendant appeals. Affirmed.

STATEMENT OF FACT AND OPINION

Walthal, J. This suit was brought by appellee against appellant to recover \$300, based upon a code telegram, sent by appellant to appellee on June 7, 1915, which telegram, when translated, reads as follows:

"First State Bank, Eustis, Fla. We guarantee payment three hundred dollars by Texas Produce Company for carload watermelons. [Signed] El Paso Bank & Trust Co."

The message was duly received by appellee at Eustis, Fla., on the above date. Appellee alleged that appellant, by reason of the message, became bound to pay the appellee \$300 for one carload of watermelons, whenever the same should be delivered to the Texas Produce Company, or be tendered to it, and that the said promise was an absolute and unconditioned agreement to pay said sum whenever said carload of watermelons had been delivered to the Texas Produce Company, or tendered to it, and that said melons were shipped and tendered to the Texas Produce Company, as follows:

On or about the 16th day of June, 1915, S. B. Sligh & Co., of Eustis, Fla., delivered to the railroad company at Eustis a carload of watermelons, consigned to the order of S. B. Sligh & Co., "Notify Texas Produce Company, at El Paso, Texas," to be delivered to the Texas Produce Company upon the payment of the value thereof, in the sum of \$300; that on the 16th day of June, 1915, the shipper drew a draft on appellant in favor of appellee for the sum of \$300, and attached the draft to the bill of lading and sent same to appellant for collection, and that payment was refused; that appellee placed said amount to the credit of S. B. Sligh & Co., and, believing that appellant would pay same, permitted S. B. Sligh & Co. to withdraw said amount from its bank.

Appellant answered by general demurrer, denied that it ever authorized S. B. Sligh & Co. to draw the draft in question on it, or that S. B. Sligh & Co. had any authority so to do. Appellant further pleaded that said telegram was sent under the following conditions:

That on or about June 5, 1915, W. H. Constable Company were acting in El Paso as the brokers for S. B. Sligh & Co., and, on said date, acting as such brokers, sent to S. B. Sligh & Co. the following telegram:

"Texas Produce Company this city offers three hundred dollars, car thirty thousand pounds Tom Watson melons twenty-five pounds average for shipment Monday. Confirm if possible and we will have bank wire guarantee. Rush answer."

That S. B. Sligh & Co. received said telegram, and on June 7th replied to W. H. Constable as follows:

"Accept Texas Produce Company offer. Bank guarantee First State Bank, Eustis, Florida."

That thereupon W. H. Constable Company wired S. B. Sligh & Co., at Leesburg, Fla., as follows:

"Ship Texas Produce Company today as per your telegram; their bank wiring your bank the necessary guaranty. Trace shipment."

That on the 7th day of June the W. H. Constable Company sent to S. B. Sligh & Co. the following telegram:

"Wire routing and car number of Texas Produce car."

That the telegram of guaranty was sent purely as an accommodation to the Texas Produce Company and without anything of value whatever moving to appellant. That under said contract, it was the duty of S. B. Sligh & Co. to ship said melons on June 7th, and to ship 30,000 pounds in said car, and that time was of the essence of the contract, but that S. B. Sligh & Co. did not ship the same until the 16th or 17th day of June, and that said car when shipped contained only 24,000

pounds, and that by reason thereof the Texas Produce Company was not bound to take or pay for said melons—that under said telegram appellant became bound only in the event the car of melons was shipped within the time, and contained the weight provided for in the contract, and in the event the Texas Produce Company became liable under said contract to pay for same and failed to do so.

Appellant further alleged that prior to the time the said melons were shipped the Texas Produce Company and W. H. Constable Company had repudiated said contract on account of its breach by S. B. Sligh & Co., appellant alleging that said telegram in itself, and the bill of lading for said car of melons, put the appellee on notice and charged it with knowledge that appellant became bound on said telegram only in the event the Texas Produce Company became bound and failed to pay for the melons.

The appellee by supplemental petition excepted to the appellant's answer, in which it stated the circumstances and conditions under which the guaranty telegram was sent, as shown in the second telegram above set out. The grounds of the two exceptions are: First, the cause of action is based upon an absolute and unconditional guaranty in writing made by appellee to plaintiff for the sum of \$300, that the terms of said guaranty are unambiguous, and the answer varied the terms of the guaranty telegram and ingrafted conditions not embraced therein, and not necessary to a complete understanding of it; and, second, the answer pertained exclusively to transactions had between the W. H. Constable Company and S. B. Sligh & Co. with which plaintiff is in no way connected, and which could in no way affect its guaranty. Appellee further answered, but we need not more fully state the answer at this time. The trial court sustained the two exceptions to the answer, heard the evidence on the remaining issues, and rendered judgment for appellee.

Appellant, in its first two assignments, insists that the court was in error in sustaining the two exceptions

to its answer. The proposition, common to the two assignments, is that under the facts pleaded by appellant the Texas Produce Company, the buyer, never became liable to pay for the carload of watermelons, the contract for their purchase having been breached by the seller, and the purchaser not being liable, the appellant, guarantor, was not liable.

The opposing contentions of appellant and appellee might be summarized thus: Appellant contends that the telegram it sent to the appellate bank was but a collateral undertaking for the Texas Produce Company which stood first bound to pay for the melons; that until there was a liability on the part of the Texas Produce Company, its principal, and a default in the payment, there was no liability, and could be none on its part.

Appellee's contention is that the liability of appellant is not dependent upon the liability of the Texas Produce Company to pay for the melons; that the telegraphic guaranty which is the basis of the suit was the voluntary, independent, and personal act of appellant in which it absolutely and unconditionally and immediately guaranteed to pay appellee the sum of money specified for one carload of watermelons.

Two propositions seem to be presented: First, is the telegram, "We guarantee payment three hundred dollars by Texas Produce Company for carload watermelons," an absolute, unconditional, and present promise by appellant to pay the sum of money specified, or a collection therefor? and, second, to what extent could appellant make inquiry into the facts and circumstances attending the making of the contract between the buyer and seller of the melons, and the performance or nonperformance of the contract of purchase of the melons, as a defense under his promise, conceding that the words constitute the original, absolute, unconditional, and present promise to pay?

If the promise is an original undertaking, absolute and unconditional, it is outside of and not controlled by articles 1843 or 6336, Revised Statutes

1911. The language used in the guaranteeing telegram and the circumstances surrounding the parties at the time it was sent will be looked to in determining the intention of the parties to the writing. *Friedman-Shelby Shoe Co. v. Davidson*, 189 S. W. 1029.

The telegram was sent from the appellee bank to appellant bank, neither being parties to the contract of buying or selling the car of melons. The language of the telegram indicates a present promise of payment of the amount stated by the Texas Produce Company for a stated article of merchandise, a carload of melons. There is no condition or contingency suggested upon which the payment is to be made. To read any condition or contingency into the wording of the message which the law does not put into it would, in our opinion, make for the parties a contract they did not make for themselves. If the appellant intended to absolutely guarantee the payment of the money by the Texas Produce Company, and to indicate or identify the transaction or the thing for which the payment was to be made, how else could it word the telegram and state it in more definite language? We conclude that the telegram is an absolute guaranty of the payment of the money, rather than a guaranty of its collection. Section 111, *Brandt on Suretyship*, and authorities there cited. A guaranty of the payment of an obligation without words of limitation or condition is construed as an absolute guaranty. *Ruling Case Law*, vol. 12, p. 1064.

If we are not in error in so holding, it seems to us that if the appellant could defend against the appellee's suit by showing that the car of melons was not shipped within the time agreed upon between the buyer and seller, or that the melons did not come up to the agreed standard in weight or quality, would, in effect, indirectly, put into the guaranteeing telegram a condition which appellant did not write into it, and which the law does not imply. Such defense would make the promise to pay a conditional one.

The rule is stated to be general that in case of an absolute guaranty no de-

mand upon the principal debtor is necessary. 20 Cyc. 1459. It is not treated as a collateral liability, but is a primary and positive agreement, and the breach of the principal's contract to pay the sum promised ipso facto imposes upon the guarantor a complete liability. There was nothing in the telegram itself or in the bill of lading for the car of melons that tended to charge appellee with notice or knowledge of the contract between the seller and buyer, or of its breach by S. B. Sligh & Co., as alleged in the answer.

There was no error in the court's sustaining the two exceptions to the answer, and the two assignments are overruled. What we have said in passing upon the first two assignments necessarily disposes of the remaining assignments, except the ninth.

By the ninth assignment it is claimed that the guaranty was without consideration to appellant—was purely an accommodation to the Texas Produce Company, and was beyond the power of appellant bank to make same, and was void. We think the case of *Bond v. Terrell Manufacturing Co.*, 82 Tex. 309, and the authorities there used, is an answer to the contention. In this case the appellee bank on the faith of appellant's guaranty permitted the sum guaranteed to be withdrawn from its bank, and we think that, under the authorities cited, it will not now be permitted to plead that on entering into the contract it exceeded its charter powers.

Finding no reversible error, the case is affirmed.

202 S. W. Ref. 522.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Military Company Fund

Editor Bankers Magazine:

SIR: A certain military company has on deposit a company fund—money raised for them at home, and stands on the books as the "Company Fund," followed by the officer's name. The officer has been transferred, and the new commander asks for statement. Should such inquiry be answered?

SUBSCRIBER.

ANSWER.—This is equivalent to a society account, and is payable to the officer authorized to draw according to the company regulations. Whatever agreement was entered into when the account was opened would govern. The proper course would be to have a statement from the retiring officer to the effect that his successor is in office with power to succeed him in making withdrawals.

Good banking practice does not sanction the opening of accounts in the names of organizations without provision for successorship. It would be proper to give the information to the commanding officer, but in the matter of withdrawals, care should be taken to insure that the proper official exercised the privilege of receiving payment.



The Bank and the Bunk

By WILLIAM GANSON ROSE

In two preceding installments of this story it has been told how an "old and conservative bank" was jolted out of its complacent ruts and how the managers rubbed their sleepy eyes and began to see things according to modern lights. Here is what happened when the awakening was complete.

IT was 7:30 A. M.
The Buckeye Special was on time and with it came President Ainsworth and his wife, home from their southern trip. Gloria was there to greet them, and they were soon rolling through the town in the Ainsworth machine.

There was much to tell on the part of the home-comers. Young Ainsworth had entirely recovered and the bank president had made several interesting acquaintances in the southern cities they had visited.

Mrs. Ainsworth was talking about the boy when her husband suddenly pressed the button that signalled the chauffeur to stop.

"I'm going to get off here," he said, "and walk down town. You can go on along out to the house."

Gloria started to protest, but her father was out of the machine, and the door had closed behind him. The limousine rolled on, and the bank president walked briskly down the street.

When he saw the front of the bank he stopped short. Bright and clean, it was the most striking structure on the business thoroughfare. For a moment the old man was too startled to think, and then he said half aloud, "It's just the way it looked when grandfather built it." Then his eye traveled to the large bronze letters over the door, proclaiming that this was the

Lincoln National Bank. Looking down he caught sight of the west window in the center of which was the beautifully framed portrait of Lincoln, two lines above it announcing, "The Bank of the People and for the People," two lines below it stating that "To each person opening an account of five dollars or more we give a steel engraving of Lincoln."

The door opened and old Sam, the colored porter, came out in an immaculately clean white canvas suit. He started to polish the new bronze sign that gave the bank's capital and surplus, when he caught sight of President Ainsworth crossing the street.

"'Mornin,' Mistah Ainsworth," he cried joyfully. "Ah's mighty pleased to see you back, suh. We ain't expectin' you until after de bank opens."

"Morning, Sam," said the president. "I see you've been doing things while I was away." He looked up at the shining granite as he spoke.

"Yes, suh; 'deed we has," came the enthusiastic response. "Dis ain't nuthin', though. You ought to see it at night."

"At night?" repeated Mr. Ainsworth.

"Sho' pop!" exclaimed the porter. "See dem old carved ornaments outside de second floor? Well, dere's lights behind dem what shoots de rays straight up de front of dat building until it dazzles yo' eyes. Everybody in de county knows dis yere front now, suh."

The old man again looked up and saw where the illumination was concealed. He didn't know whether he fully liked this innovation or not.

"I'm going into my office, Sam," he said, as the porter held the door for him.

"'Scuse me, Mistah Ainsworth,"

said the latter, "but if you don't mind, I'd like to walk around with you a bit an' make some 'splanations as to what else we've done."

"Hm-m-m," grunted the old banker suspiciously, "that would be a good idea, Sam. Come on."

They didn't walk far, however. The lobby stopped the old president the moment he entered it. It had been decorated in light tints and gold. The old chandelier had been altered, and a massive new table occupied the center of the room. The tellers' cages had been brightened up. On the other side of the front railings was office equipment that would have done justice to the biggest New York establishment.

For a few moments the old man couldn't speak.

"D—d—don't you like it?" asked Sam, appealingly. "We-all thought it was pretty scrumptious, suh."

"No!" muttered the old man, "I don't like it, and I particularly dislike the fact that these things have been done without my consent, without my direction."

The colored porter was grieved. "I guess maybe, suh, you bettah not go up on de second floor to see de new office disquipments, because if you don't like dis, you sho'—"

"We'll go, anyway, Sam," announced the old man; and they climbed the stairs together.

As they went from department to department the old man's anger grew and grew. He talked to himself most of the time, while the porter maintained a respectful silence.

"The idea of Simmons daring to allow such things. That's what I get for employing this 'bunk' man, this Crockett, or whatever his name is. It's the first time I've been away in fifteen years, and this is the way I'm treated. It will cost a pretty penny. A year's profits given to jimcracks and gingerbread. It's preposterous. Somebody will pay."

Finally they found their way to the president's office. The dark and dingy look had gone. It was bright and cheery, with furniture of the latest

type. There was a partition dividing the big space into two rooms.

"What's that for?" asked the old man angrily.

"Why, dat," exclaimed Sam, "is a dividah to give you two rooms instead of one. As I understands it, suh, you is to sit in dat room on de inside when you'se don't want to be disturbed; but when you wants to see folks you come out heah in dis room. Mr. Crockett fixed it and—and, as I understands it, he's trying to save yo' nerves, suh, so you won't get angry with people bothering you."

"Angry, angry!" repeated the old man. "I never get angry."

"Mr. Crockett is using dis outah room now for hisself, and he says that nobody is ever to go in de inah room exceptin' yo'self, unless you say so."

"I see," said the old man. "Sam, I'm going in there now. Don't say a word about my coming home."

"No, suh."

"Do you understand? Give no intimation that I am here."

"No, suh—yes, suh."

Mr. Ainsworth opened the door to the inner office, walked in, closed it after him; and Sam returned to his duties. The president sat down at the flat-topped desk near the window and meditated.

"I'll stay here this morning," he decided, "and hear what goes on in the other office. This afternoon I'll mete out the punishment."

He looked on the table before him. There was a large scrap book marked "Clippings." He opened it. Here neatly arranged on page after page were advertisements and stories telling about the new plans of the old bank. There were flattering notices about the president, and two of them contained his picture. He glanced through numerous items about the anniversary week, and then he turned to the regular advertisements. One of them had to do with service. He glanced through it and exclaimed, "bunk!" Another told how the town and the bank had grown up together. His comment again was "bunk." A third dealt with him and

with the directors and was designed to promote confidence. But Mr. Ainsworth labeled it as he labeled the other, "bunk."

He closed the book peevishly and leaned back in his chair.

"Oh, if I had only stayed home," he muttered.

There was a noise in the outer room and a voice called out, evidently to people in the lobby, "Good morning, good morning."

He recognized the voice as that of Crockett, and for a moment he thought of rushing out and settling the matter then and there. His better judgment, however, told him to wait for further developments.

Then came another voice. "Good morning," it said very pleasantly.

"H-m," muttered the old man, "my daughter."

"Good morning, Gloria," was the equally pleasant response; and the president jumped to his feet.

"That bunk man calling my daughter by her first name!" Again he restrained himself and sat down.

"Has father come?" she asked.

"No," replied the adman. "I just asked Sam the same question, and he said that Mr. Ainsworth has not put in an appearance."

The old man was listening eagerly. Here was one faithful servant, anyway.

"Oh, John," cried Gloria, "look at this. Your article on humanizing the bank has been accepted by the magazine. The editor says that he will have to cut down several references to the Lincoln National because you have tried to work in too much advertising; but with this exception, it all goes. Then he states that he is going to drop in and see the bank himself when he is out this way, because you are doing things that ought to be done by all the other banks of the country. Isn't that fine?"

"Oh, oh!" grunted the president. "More bunk."

"Oh, look," cried Gloria, "the Financial Weekly has given a half-page to the front of the building. Isn't that a stunning cut?"

"That's a reproduction from the same cut that the World is going to use this afternoon," said Crockett.

Another person entered the ante-room.

"Are you going to change the window to-day, Mr. Crockett?" and the president recognized Miss Burton's voice.

"Let me see," was the response. "Yes, we'll put in the collection of war relics that young Harshaw just brought home from France."

The old man sneered. "What's that got to do with banking?" he muttered.

"Monday," continued Crockett, "we'll use the 'Boost Holcolm' card."

"Here's the clipping bureau material that just came in," said Gloria. "There are thirteen references to our bank."

"That beats last week by four," put in Miss Burton.

"Has the proof of the letter to the stockholders come yet?" asked Crockett.

The old man could scarcely remain silent. "The idea," he muttered, "of their daring to write to the stockholders without my consent."

"It hasn't come yet," replied Miss Burton.

"Well, when it does come," went on Crockett, "leave it with this pile of papers for Mr. Ainsworth. He's to O. K. it, you know."

"Oh," sneered the old man inwardly, "I do get some consideration, do I?"

"Mr. Johnson returned this morning from the State Bankers Convention," announced Miss Burton, "and he said that your new statements made a big hit."

Again the president shuddered. "The idea of Johnson wasting his time at bank conventions instead of figuring interest, and the nerve of that young man to change our statement, which has had the same form for twenty-three years."

"And what do you suppose Mr. Johnson did at the convention?" asked Miss Burton.

"Swapped stories and smoked fifty-cent cigars," laughed Crockett.

"He may have done that," announced Miss Burton, "but anyway, he secured five new accounts."

The old man almost caught himself approving.

"Johnson ought to make a first-class outside man," affirmed Crockett; "and when Mr. Ainsworth comes home I'm going to speak to him about it. This bank has been too much like a clam, and we ought to get around more and show ourselves."

"We," repeated the old man to himself. "We're all in partnership now evidently."

"Has Barnes come in this morning?" asked the adman.

"Barnes?" repeated the old man to himself. "He must be a new one."

"I'll see if I can find him," said Miss Burton.

"Are you going to keep him in charge of the New Business Department?" asked Gloria.

"New Business Department?" growled the old man.

"I don't know as yet," replied Crockett. "I told him to draw up his plans and have them ready to submit to Mr. Ainsworth. That's going to be one of the most important departments in this bank."

The old man gritted his teeth. "Oh, it is, is it?" he sneered.

"Ah, here's Barnes now," said Crockett. "Well, Jack, how did you get along yesterday?" he asked.

"Fine," replied a manly young voice. "I saw the officers of the two new incorporations announced in yesterday's paper and they're both good prospects. Following your directions, I didn't close with either of them, although I thought I could. However, if you want Mr. Ainsworth to make the final arrangements, that's what we'll do. I organized a savings club in the National Arms factory with thirty-two members to start. We ought to have one hundred and fifty in two months. Our first letters went off last night to all the homes of new babies."

"Homes of new babies?" repeated the president. "Ridiculous business."

"I'm getting up a list," went on

Barnes, "of all the people that have moved here during the past month. Two of the moving and storage companies are helping me. Some of them I'm going to see personally, and the rest I'll write to."

"Have you drawn up your plans?" asked Crockett.

"They will be ready for Mr. Ainsworth this afternoon," answered the young man. "Why, this building won't be big enough to take care of the new business we'll get this year," he announced proudly, "and I'm sure Mr. Ainsworth will think the plans are great."

"A conceited young donkey," murmured the old man.

There was a shuffling of feet, and Mr. Ainsworth judged that the head of the New Business Department had left.

Gloria was the next to speak. "Do you think that Mr. Scott is the right man for the information window?" she asked.

"Information window?" echoed the president. "What's the sense in that?"

"No," replied Crockett, "We'll change him next week. We've got to get somebody with more courtesy. He's a little sharp and gruff, and if there is one thing that this bank is to be known for from now on, it will be courtesy and real service. I'm going to have several meetings with the tellers on this subject, because when they get tired they're apt to be a little gruff, too."

This announcement contained nothing with which the old man could find fault.

"Did you meet President Garvin of the Holcomb National last night?" asked Gloria.

"Yes," replied Crockett, "we had an hour's conference."

"The insolence," muttered Mr. Ainsworth. "How could he dare to talk to my rival in my absence!"

"At first," went on Crockett, "he couldn't see the point at all. He said that he and your father had never had anything to do with each other, and he didn't see any reason for beginning

now. And then I showed him some things."

"You did, did you?" growled the old man.

"I showed him the fake financial advertisements in our papers and I told him that we'd have to get together and stop that kind of business in this town. I called attention to the grafters that are working the two institutions individually with advertising, by playing one against the other. I showed him that we have many interests in common and that we can boost both banks individually by working together on many points. At the end of the hour what do you suppose he did?"

"Got up and left you," sneered the old man.

"I can't imagine, John. What did he do?" asked Gloria.

"He stood up and held out his hand and said, 'Young man, I like you, and I like your ideas. As soon as Mr. Ainsworth comes home you arrange a meeting, and he and I will go into these matters together. There's a whole lot to what you say. Cut-throat business doesn't pay any more. We ought to clean up the local financial field, continue a lively rivalry, but make it clean and constructive,' that's what he said."

"Fine!" exclaimed Gloria.

Here was another announcement that floored the president, and again he just couldn't see how he could find fault.

"It's strange father doesn't come," Gloria said suddenly.

"It certainly is," agreed Crockett. "I told the team captains to get the reports of all members and bring them here at ten o'clock. I want to know just what the report is going to be before we spring it on your father."

"Going to spring something else?" murmured the old man.

"Would you mind telephoning to Miss Smith to get the reports together and bring them here now?"

Gloria acted upon the suggestion, and in a few moments a new voice was heard in the outer room.

"Well," asked Crockett, "how did it come out?"

"Just wonderful," replied an en-

thusiastic soprano voice. "You know that 1,000 was to be the total of the new accounts by ten o'clock on Ainsworth Day."

"Yes," replied Crockett, "and it's now 10:10, and this is Ainsworth Day."

"Ainsworth Day?" repeated the old man in the inner room.

"Well, here's the record," went on Miss Smith. "Miss Elsasser's team has 233 accounts; Frank Davis's team has 251; Ellen Martin's 296, and mine," there was a pause as the young lady coughed, "mine has 347. That makes a total of 1,127."

"Bully!" cried Crockett. "Let me congratulate you."

Mr. Ainsworth was now almost too much surprised to think. His anger had subsided, but he didn't feel that he was pleased.

"Do you think," went on Miss Smith, "that Mr. Ainsworth will be pleased? You know we've worked awfully hard. I've spent all my time outside of banking hours, and so have the girls on my team. We talked it all over last night and Betty Sawyer said that she hoped it would please Mr. Ainsworth so much that he would want to talk to the club. You know he's always been so awfully busy that he wouldn't know one of us in the street. I tried to speak to him one day, and he went right by without seeing me at all. We could all work with a good deal more pep if we felt that he really knew us and thought we were—well, sort of his boys and girls, instead of just automatons. That's what Betty said, and all the rest of us agreed with her."

"I'm sure your efforts will please him very much indeed," said Gloria. "I'm sorry father hasn't shown more interest in the employees, but as you say, he's awfully busy, and he just doesn't think about such things. I'm positive he'll know everyone of you by name after this."

The old man bit his lip.

"I'm glad to hear you say that, Miss Ainsworth," went on Miss Smith. "Since the club was formed we felt ever so much more interest in the bank and in Mr. Ainsworth and in every-

thing else around here, but you know we're just poor little silly human beings after all, and we'd like to feel that we had the interest of the boss."

The old man in the inner room tapped his forehead with his handkerchief. Things were going pretty fast.

There was a clicking of French heels that indicated Miss Smith's departure, and a silence for several moments, finally broken by the advertising man.

"It pays to humanize," he said.

Several telephone calls and other business that the president didn't understand, but that sounded over the partition like optimism, occupied the next half hour. Then a familiar foot-fall was heard.

"Good morning, Mr. Simmons," said the adman.

"Good morning, Mr. Crockett," came the well-known voice of the vice-president.

"Well?" asked Crockett.

"Yes," replied the banker, "I took my first lesson last night. I missed the ball the first nine times, but then I hit it a wallop on the tenth that made up for the nine I missed. Golf is a regular game, isn't it? And my instructor said that in six months I ought to be one of the best players among the bankers of Holcomb."

"Golf?" repeated the old man. "Simmons!" He held up his hands. This was almost too much.

"You know," went on Simmons, "I thought over what you said to me day before yesterday, and you're right. A man ought to have relaxation. But more important is the opportunity that golf gives you to mix with well-to-do prospects. I'm making a list now of some of the biggest customers of the Holcomb National that I'm going to take on as soon as I learn to use my brassie."

"Good heavens!" was all that the president could say.

"Here comes Mr. Osborne," announced Mr. Simmons.

There was a greeting, and the member of the board of directors announced, "Well, I've come to make my report. Has Mr. Ainsworth reached home?"

"Yes," replied Gloria, "but he hasn't come to the bank yet."

"I've got a little surprise for him," said Osborne. "You know that first meeting of the board of directors after he left, Mr. Crockett," he went on, "when you asked me to line up my associates and get twenty new commercial accounts?"

"Yes," replied the adman.

"Well, I've got them from all the members now but John Hendricks, and he's out of town. He's got one or two, I'm sure, but even without him, here are forty-one." And there was a noise of falling paper upon the desk in the outer office.

"That's fine," exclaimed Crockett. "May I congratulate you?"

The old man in the inner office tapped the back of his neck with his handkerchief.

"It's more than I thought possible," asserted the vice-president, Simmons.

"And now," said Crockett, "now that we've got the directors started, don't you think it would be possible to make it an even hundred by the first of January, Mr. Osborne?"

"I don't see why not," replied the director, "but we want Mr. Ainsworth's opinion on a number of doubtful prospects first. How did you come out on the savings accounts? Remember, young man, you promised 1,000 if we made good on the commercial accounts."

"Our total," replied Crockett, "is 1,205."

"Pardon me," interrupted Gloria, "but I thought it was 1,127."

Crockett laughed. "I had not put in a few I secured myself," he said. "But, Mr. Osborne, think of it, the force brought in 1,127. How's that for loyalty to Mr. Ainsworth and the old bank?"

"Splendid," commented the director. "It ought to make his heart beat fast."

He didn't know it, but the report had already started the president's heart to thumping in the next door.

"Before I go," said Mr. Osborne, "I'd like to congratulate you on that quarter of a page advertisement this morning on Lincoln. If anything in

the world would give a bank and a man a beautiful character, that advertisement would. I especially liked your reference to Mr. Ainsworth's grandfather and how he came to name the bank after the martyred president. Wouldn't the old man have been proud if he could have lived now to see the enthusiastic force celebrating Ainsworth Day?"

"Ainsworth Day?" repeated the old man to himself. And then he tapped his handkerchief on his eyelids.

There was more business in the outer office and the president heard the occupants of the room depart one by one until he thought that they had all gone. He leaned back in his chair. The many points that had been gone over during the past hour ran through his mind in rapid succession. His anger was gone now. In place of it his heart was full. He thought particularly of the girl's report and the hope she expressed that he might like to know what his people were doing for him. He almost forced a smile as he thought of Simmou's playing golf. He was touched again as he remembered Osborne's description of what the directors had done. He very vividly called to mind what Osborne had said about the advertisement and Lincoln and his grandfather. Bunk?

And then, in spite of himself, and for the first time in twenty years, the old man sobbed and dropped his head upon his folded arms.

The noise attracted the advertising man, who was alone now, and he quickly pushed open the door to the inner room.

"You here?" he asked. "Why, Mr. Ainsworth, we didn't know—have you been here all the time?"

The old man raised his head and held out his hand, but he looked out of the window.

"We're mighty glad to see you home again," said Crockett warmly. "We had a lot of surprises, but I'm afraid that you know them all now."

The old man didn't speak.

"We had it fixed so that we could show you things in the right order and explain just how and why we made some changes."

Mr. Ainsworth continued to stare out of the window.

"I thought you wouldn't like the idea of our re-decorating at first, and I bought some equipment that I wanted to talk to you about, too; but I'm afraid you've beaten us to it and saw the things without knowing that they were part of a successful campaign."

"Boy," said the old man still holding his hand, "I've heard and seen everything." He turned from the window now and looked straight into the ad-man's eyes. He didn't care if the latter saw that his own were a little misty.

"And—and—are you pleased?" asked Crockett.

"Yes, and no," replied the old man.

"Maybe I can explain the things you don't like so that you'd get our viewpoint," said Crockett.

The old man smiled pathetically. "I've got your viewpoint all right, boy," he said, "but you haven't got mine. I like everything you've done and I thank you very, very sincerely, but there's one thing you haven't thought about. I'm the president of this bank, but you people have been doing all these things while I was gone; things that I should have seen; things that I should have done years ago; things—" and he drew his lips tight together and then concluded, "things that I called—'bunk.' I—I—guess I might as well retire. I'm not needed here any more." He turned back toward the window and dropped the young man's hand.

Crockett hurried out of the office. He was back in a moment with a large stack of papers in his hand. He tossed them upon the mahogany table.

"Here, Mr. Ainsworth," he said cheerfully, "we've gone our limit and we're stuck. We've been merely advertising and humanizing, but as far as I'm concerned, I don't know any more about the banking business than you know about the bunking business."

The old man stared at the papers before him.

"Under the first strap," went on Crockett, "are matters pertaining to loans. Nobody here would dare to pass upon things of that sort, and you're

the only one who could do that. And here's some memoranda about business policies. Again you're the only one to answer those questions. And here, and here—but I won't bother you now. It will take a day to go over these matters that you alone can handle."

The old man's eye brightened as the young man talked.

"Are you sure that I'm needed?" he asked.

"I'm especially sure," replied the advertising man with a smile, "I'm especially sure in view of the fact that I am leaving."

The old man couldn't help but smile. "Look here," he said, "we need you

in our banking family."

There was a sound of footsteps outside and a merry voice called, "John, John, where are you?"

The young man smiled. "Getting away from banking for a moment," he asked earnestly, "would you be willing to take me into your own family?" and he nodded in the direction of the pretty voice.

The old man hesitated and then slowly extended his hand.

Gloria burst into the room.

"He likes the bank," cried Crockett.

The old man smiled. "And the 'bunk,'" he said.

Financial Progress of the State of New York

By JAMES A. WENDELL, Deputy State Comptroller

THE three largest projects undertaken by the State of New York within the last twenty-five years have had to do with the improvement of our great system of artificial waterways—the new Barge Canal representing the largest single public work ever begun and completed by any state government—the magnificent system of good roads and forest preserve extension. Despite the growth of the state's funded debt from \$660 to \$236,309,660—the amount incurred to pay for these improvements—it is appreciated now more than ever before that the benefits derived have been so diffused as to make an occasional return to a direct state tax seem only just and equitable.

During this period, however, the broad question of taxation has played a very large and important role. The annual expenditures have grown tre-

mendously—from \$16,000,000 to \$81,000,000—while the receipts from indirect sources have increased from \$15,000,000 to approximately \$68,000,000. But this increase has not been peculiar to New York State alone. Every state, county, city, town and village testify alike. To meet this rapidly growing obligation, however, the old system of direct state-wide general property tax soon proved to be inadequate. It worked fairly well so long as taxes were small and the greater portion of taxable wealth consisted of lands and buildings. When the intangible or personal form of property, such as bonds and shares of stock issued by corporations then rapidly organizing, came into prominence, the old tax could not longer be maintained.

Up to about 1895, however, this enormous intangible source of revenue had

escaped taxation almost completely. At that time, the State Comptroller pointed out that approximately two billion dollars involved in corporate holdings paid no tax. This situation demanded the adoption of the present method, and its success has been largely through the efforts and administrative genius of the Comptroller's office. Since 1895 especially, the different heads of the state's chief financial department have, for the most part, been men of unusual ability and integrity. This much is evidenced from their suggestions for improvements which too often have been overlooked. Had they been accepted, the saving to the State of large sums of money would have resulted.

About twenty-five years ago occurred the handling of the state's largest problems, particularly those dealing with the breakdown of the general property tax described above. The Comptroller's office was called upon to administer the newer forms of special or indirect taxes which to-day practically support state government. Due to its efforts the first attempt was made to establish a collateral inheritance tax and the separation of the state and local taxes. In addition, it undertook the work of placing for the first time the name of every corporation subject to the special tax, upon the Comptroller's books, with the result that twice the original number were added and tax fees increased accordingly.

In addition a careful and thorough survey of the state was undertaken and competent men were sent to each county clerk's office to obtain a complete list of corporations doing business in the state. Their special work was to ascertain if these corporations were still in existence, and to secure all possible information regarding them. The results exceeded all expectations as the number of taxable companies was doubled. At the same time a new system of assessing corporations was installed and blanks sent out annually to about 30,000 companies. To-day approximately 80,000 corporations are supervised under the direction of a special bureau with examining representatives in all the principal cities through-

out the state collecting over \$25,000,000 annually.

Another important task to be assumed was to surround the management of all public moneys with the closest surveillance. The fact that such funds collected by the county treasurers had been steadily increasing forced the State Comptroller to exercise greater supervision over them. In the collection of the inheritance tax alone, the Comptroller's examiners discovered that the state was annually losing thousands of dollars and as a result the handling of this money was placed in the custody of salaried officials.

About the same time, the Comptroller's office learned of the careless method of administering court and trust funds deposited under its direction. Thereafter county treasurers were required to render an account to the Comptroller and pay over all accumulations of such moneys remaining in their possession over twenty years. Later, the Comptroller was required to examine the county treasurer's records every year and in 1908 this power was increased to compel banks and trust companies to transfer court and trust funds over to the county treasurers, and the courts were forbidden to direct payments to any but authorized depositories. Uniform systems of accounting were installed in all counties, and to date about \$9,000,000—one-third of which is invested—is placed in the various designated depositories under the direction of State Comptroller Travis.

It was in 1905, however, that the first comprehensive law was enacted giving the State Comptroller's department supervision over nearly all of the local financial officers. With the single exception of New York, all other counties, and cities of second and third classes, the treasurers of all villages of 3,000 inhabitants or more, should make annual reports as to their financial condition to the Comptroller, who was also authorized to investigate them. To-day approximately 1,510 departments of local government managed by over 13,000 officials are under the direct supervision of the State Comptroller.

In 1910 occurred a new era in the fiscal accounting methods. Prior to this time, the state's expenditures were given for each division of government without complete classification. Thereafter a standard classification was adopted and a condensed and comparative statement of receipts and expenditures was made, and since that time a balance sheet has been issued monthly.

Besides these reforms in accounting, other changes have been adopted which have had a broadening effect. To insure safety of state funds on deposit, bonds of surety companies rather than individuals, are required. State depositories are limited to those institutions having a surplus exceeding twenty per cent. of the capital stock while pref-

erence is given to state and national banking institutions depositing state bonds as securities.

Another important innovation in the state's auditing methods was started in 1910 when a Bureau of Audit was established in the Comptroller's office. Later, in 1913, the law required that a duplicate of every invoice be sent to the State Comptroller at the same time it is sent to the department making the purchase of supplies. Complete audits have been made in nearly all of the different state offices. Uniform systems of accounting have been installed for state prisons and a wise coordination has been established between the State Comptroller's office and all the other state departments.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
 American National Bank, Pendleton, Oregon.
 American Savings Bank, Springfield, Mo.
 Ansley, D., c/o Central Trust Co., San Antonio, Tex.
 Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
 Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
 Bankers Magazine, The, New York.
 Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
 Baugher, E. M., president, The Home Building Association Co., Newark, O.
 Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
 Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
 Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
 Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
 Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.

Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
 Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
 Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
 Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
 Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
 Dely, H. E., Tradesmen's National Bank, Philadelphia, Pa.
 Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
 Ekirch, A. A., secretary, North Side Savings Bank, New York City.
 Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jesup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., First National Bank, Lakeland, Fla.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Poole, John, president, Federal National Bank, Washington, D. C.
Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
Shepherd, George W., c/o International Trust Co., Boston, Mass.
Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
Stewart, F. E., 1505 Jefferson St., Toledo, O.
Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

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SPECIAL

**THE BANKERS
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SECTION

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Economic Conditions in France

INSURANCE AGAINST BOMBARDMENTS

THE "Journal Officiel" has published an order which determines the rate of insurance against bombardments. The risks are distributed into three classes: (1) personal furniture of traveling offices and hotels; (2) dwelling houses, hotels and offices; (3) any other risks.

For bombardments by long-range guns the rate is 2.50 for 1000 for corporal damages; and 3, 4 and 6 for 1000 for material damages, according to the above classes.

For bombardments by aerial machines the rate varies according to the proximity of the army zone.

THE NEW LOAN OF THE CITY OF PARIS

The loan of 198 millions of francs of the City of Paris has been realized to the profit of Crédit Foncier de France at the rate of 6.81 per cent., all present costs and taxes at the expense of this institution.

It is a similar operation as that effected last year by the Department of Seine, which is advantageous both for the city and the Crédit Foncier.

THE EXPORTATION OF CAPITAL

The French Finance Minister, in his quarterly report to the President of the Republic, indicates the measures concerning the application of the bill regarding the exportation of capital. He points out that, in order not to upset the foreign trade, general authorizations have been delivered to export houses to buy for the needs of national defence. The total sum of purchases amounts to about 134 millions of francs.

PROMOTION OF FRENCH INDUSTRY

In a series of articles in "L'Economiste Européen" M. Edmond Thérý discusses the economic and financial situation of France after the war. The loans contracted by the state during the war are designed not only to the expenses of revictualling, the fabrication of arms and munitions and the allowances to the families of the mobilized; they are at the same time embodied in the new industries, which are working temporarily for the war, but which will develop many enterprises in peace time.

No doubt, twenty or twenty-five per cent. of the war loans will go to foreign countries to cover the purchases

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made abroad, but the greatest part of these loans remain in France and they are preparing the elements of her industrial renovation.

The reconstruction of industrial tools, systematically destroyed by the Germans, must take place as soon as possible. For it is certain that, if the allied or enemy competitors surpass France with their products in the world markets, which the French want to conquer or to preserve, it will be difficult to remove them. The public authorities are urged to hurry in extending and completing means of land and water transports.

M. Théry points out that the Government and the parliament should not forget that the public works, which the National Assembly decided to execute immediately after the war of 1870-71, in spite of the enormous burdens imposed by the war on the budget, greatly contributed to the industrial raising of the country.

At the present time home industries, exclusive of the invaded territory, have

stopped production to the extent of at least forty per cent. This state of affairs is due to the mobilization of their personnel, to the scarcity of labor and raw material, and to the fact that the exportation of their products is prohibited on account of the war.

Of the sixty per cent. of existing active industries, half work exclusively for the needs of national defense.

Moreover, it should be borne in mind that the international reputation of France's industrial production is due in a great measure to articles of luxury. In order to increase exports the interests of these industries will have to be considered when the conditions of peace return.

THE OBLIGATIONS OF NATIONAL DEFENSE

The obligations of national defense, producing an interest of five per cent., which may be obtained under the same conditions as the bonds of national defense, without formalities or expenses, are of two kinds:

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1. Obligations payable February 16, 1925, called decennial, yielding semi-annual coupons August 16 and February 16 of each year.

The price of issue is fixed at 96.50, deducting the corresponding interest at the period of the current half-year; a premium of redemption determined by ministerial order. This premium is actually ninety per cent., which makes the price amount to 97.40, minus the interest.

This price varies every fortnight, any subscription made during a fortnight being accounted on the first day of the following fortnight.

2. Obligations quinquennial issued uniformly at par (that is, at 97.50, since the semi-annual interest is payable in advance), redeemable at the expiration of a delay of five years, dating from the first day of that of the

two fortnights of the month (from 1st to 15th inclusive, or from 16th to the end of the month), during which they have been issued. The semi-annual coupons are themselves payable at periods which vary according to the dates of subscription. The repayment is made at the expiration of the period at 102.50, the bearer having, however, the choice of being repaid at par either at the end of the first year or at any expiration of succeeding coupon.

From the point of view of yield and security, the obligations of national defense are comparable with the bonds of national defense. They are an investment of first order.

THE SYSTEM OF CONSORTIUMS

The organization and the working of consortiums have been lately discussed in the French Chamber of Deputies. It will be remembered that the Departments of Trade, of Armament, and of Industry had invited a few months ago the great manufacturers to form special syndicates in view of dividing among the adhering members the official and private orders, as well as the raw materials and the man power necessary to the execution of such orders.

These syndicates, which are termed Consortiums, have the mission of fixing the selling price of the goods which they deliver to the state or to the public.

It was pointed out during the debate that while theoretically these consortiums should be regulators, in practice they are arbitrary in that they suppress competition and raise the price of goods

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in an obligatory and exaggerated way. M. André Tardieu, the high commissioner of the French Government to the Government of the United States, explained how the great American Republic, whose internal market had been disorganized by the war, was obliged to apply the principle of control in all branches of national production. In a country where liberty is the rule in everything, declared M. Tardieu, a strict and severe regulation has been specially established.

The consortiums are instituted to insure the control and the authority necessary to the exercise of the responsibility which the state assumes.

M. Tardieu said finally:

We are in accord with the American Government; we are working with it. I need not say what it has done for us, not only from the military point of view, but by continuing and developing the material aid from the beginning of the war. I cannot forget that, thanks to the régime created by the American Government, the grain imported from America has, during

the last year, provided (on the basis of 300 grammes daily) the feeding of eleven millions of French people. I cannot forget that the régime of the suppression of intermediate buyers and of the fixation of price has allowed me, from November to May, to effect on the purchases of armaments alone in four months an economy of at least 280 millions of francs.

BANQUE NATIONALE DE CREDIT

The balance of the receipts and expenditures of the Banque Nationale de Crédit presents in comparison with that of the preceding year a considerable difference, which indicates the continual confidence of the public and the efficacy of the recent augmentation of its capital.

According to the conditions of emission the premium of the new shares, deducting divers expenses, has been added to the supplementary reserve which has advanced from 10,206,140 francs to 17,867,102 francs.

In various ways the bank has given constant assistance to the Treasury.

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Nominal Capital	.	.	(£5=)	\$12,500,000
Paid-up Capital	.	.	.	3,125,000
Reserve Capital	.	.	.	3,125,000
Subscribed Capital	.	.	.	6,250,000
Reserves	.	.	.	2,055,515
Surplus over Liabilities	.	.	.	8,305,515

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North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

Its shares in the loans of national defense has augmented every year: 144 millions to the five per cent. loan of 1915; 202 millions to the five per cent. loan of 1916, and 271 million francs to the four per cent. loan of 1917.

On the other hand, since the beginning of the war, its subscriptions to the bonds and obligations of national defense have amounted to a nominal capital of three billions of francs. The bank has equally contributed on a large scale to many emissions of shares and obligations made by industrial companies.

The total balance-sheet of the bank has more than doubled during a space of two years, increasing from 386,755,826 francs from December 31, 1915, to 502,763,164 francs in 1916, and 827,082,986 francs December 31, 1917.

FRENCH TRADE OFFICE IN LONDON

It is announced that a French Trade Office has been established in England

under the auspices of the French Chamber of Commerce in London and under the control of the Department of Trade and Foreign Affairs, represented by the commercial attaché to the French Embassy.

The French Trade Office has the function of establishing and developing by every means the commercial relations between French producers and English buyers, as well as the promotion of the sale of French merchandise in England.

DENUNCIATION OF COMMERCIAL CONVENTIONS

The Government, following the advice of the Secretary of Commerce, has decided to denounce the conventions concerning the economical relations of France with foreign countries. This denunciation regards not only the commercial relations and the custom-duties, but also the stipulations with respect to navigation and industry.

The treaties and conventions with the



A view of Mayon Volcano, one of the many scenic features of the Philippines.

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enemy countries have become invalid through the war, so that there is no need of denouncing them. The decision of the Government applies therefore only to the allied and neutral countries. The procedure of these denunciations will be that implied by the existing conventions. The delay of forewarning is usually one year.

Several reasons are given for the denunciation of the treaties. The conditions of international trade relations will be fundamentally modified by the war, and the conventions existing before the war would not be adaptable to the new conditions. For example, it is stated that to endeavor to maintain artificially certain industries through the protection of high tariffs would tend to retard the economic life of the country. After the war, France will need to develop her export industries. A policy of economic "collectedness," which regards the national market in a limited way, would therefore be disastrous.

RESUMPTION OF BUSINESS AFTER THE WAR

The problem of the resumption of business after the war and the rôle of the state as regards its solution have been lately often discussed in France. Below will be found a summary of a few opinions from two articles bearing on this question, published in "L'Economiste Français."

The intervention of state on a very large scale, like in Germany, is dangerous both for the political and economic life of the people. It would hamper individual enterprises and slacken every effort of production and progress. In Germany such an intervention works because the people are taught to regard the state as a supreme tutor, and because the German state is the emanation of the governing military caste. Such a conception being impossible in a democratic country, the rôle of the state in the economical life of France after the war must be different. The

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Correspondence Invited

state assumes now the rôle of associate or coöperator, but after the war such a rôle would be dangerous. To be the associate of the state and to depend on its help from the beginning of an enterprise, is a perilous situation. This is especially dangerous in a country where socialism, under any form, tries to substitute the system of state socialism for the system of liberty of work. Under certain circumstances the state would not be always satisfied with the rôle of being a simple intermediate agent; it would monopolize the industries, which fact would hinder the economic and political life of the country.

The question naturally arises, what would become of the independent manufacturers who do not consent to submit their interests to the administration of the state? Obviously, they would be in competition with the state both in the national and international market. The administration, in the desire of not failing in its authoritative rôle, would tend to pay more and thereby would raise

prices. In the national market this tendency would be fatally pushed by political and administrative motives. Politics would thus invade the business life of the country.

On the international market things will be somewhat different. The independent manufacturers might find better conditions of purchases than those of the state, thanks to their commercial relations and initiative. It is, nevertheless, true that the state might impede purchases abroad by high tariffs or other legislation, so that an obligatory consortium would be established. This would amount to an industrial feudality. The manufacturers would thus become vassals, depending upon their suzerain, the state.

The danger of such a conception gave rise to protestations on the part of two important chambers of commerce. That of Bordeaux, after having stated that a system of intervention in war time may be legitimate, declared, that the régime of intervention is in-

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deed imposed by the state upon the manufacturers without any possibility of discussion, so that any house which does not adhere to the combination is immediately deprived of raw materials; that this system has been adopted without the discussion and consent of Parliament and without consultation with persons who represent the great business interests of the country. For all these reasons the Chamber of Commerce

of Bordeaux protests against any measure tending to give an industrial "militarism" to the economic organization of the country after the war.

Similarly the Chamber of Commerce of Lyons has protested against any organization of consortiums under the pretext of being an assistance upon the part of the state for the resumption of business after the war.



An International Reserve Board

By DAVID LUBIN,

Delegate of the United States International Institute of Agriculture
at Rome

THE Banking and Currency Law, known as the Federal Reserve Act, was intended to serve the purpose of conserving in the United States that financial stability which should prevent the perturbation of commerce with its consequent panics and crises. And

up to the present it is but just to say that it has served the purpose intended. But how about the future? Let us see.

At the close of the war, international commerce, freed from artificial barriers, will begin once more to flow in its usual channels; there will be a resump-

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tion of the ordinary import trade. These imports and the duty on them will have to be paid for in gold, perhaps at a high premium, hence a corresponding depreciation of paper money.

Such a state of affairs, unless effectively controlled, will be sure to perturb the stability of the financial and commercial world, for not only will the paper money be depreciated but it will be subject to constant fluctuations, hence it will be sure to bring on widespread panics and crises.

And the question remains: would the Federal Reserve Board be able to cope successfully with such a situation?

I do not think so. The modern international sweep of the dollar, its interlocked status, and the magnitude of the interests involved would render the Federal Reserve Board inadequate to cope with the new conditions. These new conditions demand an institution on wider and broader lines; they demand an International Reserve Board.

Such an International Reserve Board, formed by the Allied Nations,

could, first of all, act as an international clearing-house; it could regulate the ebb and flow of gold; it could supervise the factors that go to determine the rates of interest and exchange rates; it could perform along international lines the essential functions now performed on national lines by the Federal Reserve Board; and it could render such other services toward the end in view as might be assigned to it.

More than that, the exigencies of the new conditions may warrant the issuance of international gold-notes; said notes to be issued under the auspices of the proposed International Reserve Board, and to be guaranteed by the joint security of the allied countries. They should be legal tender at their face-value for all gold-payments in the allied countries.

The need for this International Reserve Board is obvious when we consider the peculiar characteristics of the credit system.

The credit system has been graphicly compared to a "house of cards."

A sudden sharp impact and the card-house tumbles. And so with credit; leave it intact and it is a wonderful structure; strike it an effective blow and the structure is in ruins. And some times even a series of minor blows, impinging upon a vulnerable point, will bring the credit structure to the ground.

The purpose of the proposed International Reserve Board is to guard the credit system from such blows, and thus conserve that financial stability which will prevent the perturbation of commerce with its consequent panics and crises.

Not least among the advantages to be derived from the adoption of the proposal would be that it would afford a means for the rational handling of the war-bond problems of the Allies, problems so distinctly and closely interlinked and interlocked, and of such far-reaching significance.

Moreover, one of the principal advantages to be derived from the proposed International Reserve Board would be that its international character would tend to concentrate the best financial minds in the allied countries on the solution of any financial difficulty in any one of these countries. In this way it would more surely tend to remove the cause of such difficulty, thus safeguarding the entire credit structure.

In other words, the International Reserve Board would serve as an international policeman, preserving the financial peace within the borders of the allied countries.



Italian Discount and Trust Company

MENTION was made last month of the organization of the Italian Discount and Trust Company to do business in New York. This institution was organized under the auspices of the Guaranty Trust Company of New York and the Banca Italiana di Sconto of Rome.



Advice to Investors

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It will be seen that by combining banking interests in this country and Italy, the advantage of both local and foreign connections is assured. Furthermore, instead of having the scope of its business limited, as in the cases of branches of foreign banks, the Italian Discount and Trust Company can perform the functions permitted to trust companies in New York, which substantially include full banking privileges.

Some of the large foreign institutions prefer to keep their own names and charters rather than to organize here under state or federal laws. So far as the name is concerned, that may be practically retained.

Doubtless we are to see a large extension of foreign banking in this country from now on, and it will be interesting to watch its particular line of development.

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Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

Brazil to Close German Banks

BY an order of the Brazilian Government the operations of German banks throughout that country have been restricted solely to liquidation of their business. This measure will result in the early closing of these institutions.



Dividends of British Banks

COMMENTING on bank dividends for the half-year ending with June, the London "Economist" says that only a few changes are recorded. The accompanying table gives the dividends of the banks named for the half-year ending with June, 1917, and June, 1918:

The London bank's announcements are all interim distributions. Barclays pays twenty per cent. per annum (the same as for the second half of 1917),

— Per Cent. —
Per Annum.
1917. 1918.

Bank of Liverpool	16	16
Barclay & Co. (B shares) ..	*17½	*10
Bradford District	*13¾	*13¾
Capital and Counties	*14	*14
Halifax Commercial	*8	*8
Lancs and Yorks	*16	*16
Lloyds	*18½	..
London, Provincial & South-western	*19	*19
London City and Midland ..	*18	*18
London County Westminster and Paris	*18	*20
London Joint-Stock	*10	*10
Manchester and County	*13⅓	*15
Manchester and Liverpool Dist.	17½	*17½
National Provincial and Union Bank of England ..	*16	*16
Union of Manchester	*10	20
West Yorkshire	18½	*10⅓
Williams, Deacons	*14	*14
Alexanders & Co.	*10	*12
National Discount	*10	*11
Union Discount	*13	*13

*Interim.

as compared with seventeen one-half per cent. per annum a year ago; the Union Bank of Manchester raises its

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rate from eighteen two-eleven to twenty per cent. per annum, and the Manchester and County Bank from thirteen one-third to fifteen per cent. per annum. The London County Westminster and Parr's makes a distribution of ten per cent., or at the rate of twenty per cent. per annum, as compared with eighteen per cent. paid by each of the two amalgamating banks. Two of the three discount houses raise their rates—Alexanders from ten to twelve per cent., and the National from ten to eleven per cent.

A half-yearly statement has been issued by the London Provincial and South-Western Bank, which shows deposits of £82,500,000 at June 30 last, as compared with aggregate deposits of the two separate banks a year ago of £61,000,000. Cash in hand and at bank amounts to £16,371,000, as against £12,604,000, and discounts and advances, etc., to £57,346,000, as against £40,042,000.

The Manchester and Liverpool District shows an increase of £6,000,000

in deposits at £41,250,000. Cash is £800,000 higher at £6,206,000 and discounts and advances have increased by £6,000,000 to £29,308,000. Conditions during the past half-year have not been favorable for exceptionally high profits. Although the average deposit rate was three one-eighth per cent., as compared with four per cent. for the corresponding period of 1917, the average rate for short loans was much lower at just over three one-quarter per cent., as against over four one-half per cent., while the average for three months' bills was three five-eighths, as against over four three-quarters per cent. Moreover, says "The Economist," working expenses have probably continued to expand.



Bank of Liverpool, Limited

THE eighty-seventh annual general meeting of shareholders of the Bank of Liverpool was held on July 23. Net profits for the half-year, as

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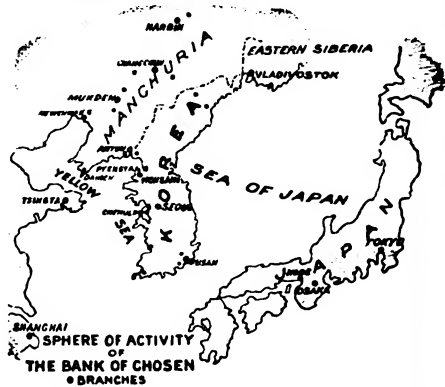
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National Bank of Commerce in New York

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H. YASUDA, New York Representative, 120 Broadway

shown by the report presented at the meeting, were £414,566, which, added to the amount brought forward from previous account, gave a total of £516,382. Two half-yearly dividends of seven and eight per cent., respectively absorbed £260,083; £65,000 was allocated to investment reserve account, leaving £191,299 to be carried forward.

Sixty-eight members of the staff of the Bank of Liverpool have lost their lives in the naval or military service and 660 are now serving with the colors.

In view of the continued high cost of living and in recognition of loyal service, the directors again granted a war bonus to members of the staff whose salaries do not exceed a certain figure.

The balance-sheet of the Bank of Liverpool, Ltd., as of June 29, 1918, showed: Capital paid up, £1,733,890; reserve fund, £900,000; due on current, deposit and other accounts, £50,231,817.

The Loan to China

NEWS has been published already in regard to the loan of \$50,000,000 to China by the United States, with the expected participation of Japan, Great Britain and France. The official announcement in regard to the loan, made by the American State Department, said:

China declared war against Germany very largely because of the action of the United States. Therefore this Government has felt a special interest in the desire of China so to equip herself as to be of more specific assistance in the war against the Central Powers. Until the present time the engagements of the United States in preparing to exert effectively its strength in the European theatre of war has operated to prevent specific constructive steps to help China realize her desires.

Recently, however, this Government felt that, because of the approach to Chinese territory of the scenes of disorder, a special effort should be made to place proper means at the disposal of China. Consequently a number of American bankers, who had been interested in the past in making loans to China, and who had had experience in the Orient, were called to Wash-

Canada's Record of Promise

Extracts from pamphlet by Guaranty Trust Co. of New York:

"To Canada the war has meant self-realization. In response to the needs of her Allies, customary activities have been intensified and enlarged. New undertakings have been promoted. From coast to coast the spirit of enterprise has been stimulated until now, after four years of war, she stands forth fully cognizant of all the inferences to be drawn from her remarkable achievements in finance and industry. . . .

"Her hopes for the future are measured by the disproportion between what she has done and what it was thought she was capable of doing less than four years ago. Canada's record is a summary of her promise."

Union Bank of Canada

Head Office, Winnipeg

New York Agency
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents
F. T. Short }

ington and asked to become interested in the matter. The bankers responded very promptly, and an agreement has been reached between them and the Department of State which has the following salient features:

First—The formation of a group of American bankers to make a loan or loans and to consist of representatives from different parts of the country.

Second—An assurance on the part of the bankers that they will co-operate with the Government and follow the policies outlined by the Department of State.

Third—Submission of the names of the banks which will compose the group for the approval by the Department of State.

Fourth—Submission of the terms and conditions of any loan or loans for approval by the Department of State.

Fifth—Assurances that if the terms and conditions of the loan are accepted by this Government and by the Government to which the loan is made, in order to encourage and facilitate the free intercourse between American citizens and foreign States which is mutually advantageous, the Government will be willing to aid in every way possible and to make prompt and vigorous representations and to take every possible step to insure the execution of equitable contracts made in good faith by its citizens in foreign lands.

Netherlands Trading Society

THE Nederlandsche Handel Maatschappij (Netherlands Trading Society) was established at Amsterdam on the initiative of the then reigning king in 1824 to develop a regular import and export trade between the colonies and the mother country. It started with a capital of Fl. 37,000,000 (or \$14,800,000), of which the chambers of commerce in the principal cities contributed. They elect their own governor on the board, while the president is appointed by the sovereign.

In an economic sense the society soon became the successor of the East India Company. For in order to overcome the indolence of the native the Government decreed a compulsory production system. Part of the crop would be considered as a tax, the remainder had to be turned over to the Government at a fixed market value. The machinery for handling this extensive turnover was furnished by the

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	\$7,500,000
Paid-up	3,250,000
Reserve Fund	3,000,000

BANKERS: Bank of England; London Joint-Stock Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

Netherlands Trading Society. It became the agent for collecting the goods, transporting and consigning them to the Netherlands, where the famous auctions were held. This consignment system has survived till this war as a great favorite with the management of the various private plantations, with the exception of sugar only.

While the Netherlands Trading Society made very gratifying commissions and extra revenues, private business became impossible. No competition and a state management in the hands of commercial people caused a gradually increasing margin between

buying and selling prices. Practically the native was enslaved and exploited, while the Government in Holland had for years a very comfortable profit balance out of its possessions. The Netherlands Trading Society made use of its power to control the imports to the islands as well, and many a textile manufactory was established in Holland as its subsidiary.

History has shown too often that no colonies can exist without a reasonable amount of economic liberty for the indigenes, and Java soon proved the fallacy of what was originally a well-intended system. Low produce prices



The Netherlands Trading Society

Banque Populaire Suisse

ESTABLISHED 1869

22 BRANCHES

Paid-up Capital and Reserves, Francs 88,000,000



Head Office : BERNE

HEAD OFFICE :
BERNE, SWITZERLAND

Branches :

Basle, Delémont, Dietikon, Fribourg, Geneva, Lausanne, Montreux, Moutier, Porrentruy, Saignelégier, St. Gall, St.-Imier, Thalwil, Tramelan, Uster, Wetzikon, Winterthur, Zurich, etc.

Deposit and Current Accounts Opened

Letters of Credit and Travellers' Checks
Issued and Paid

Bills Negotiated and Collected

Special Care Given to Documentary
Collections

Documentary and Cash Credits Opened

TELEGRAPHIC AND LETTER TRANSFERS MADE

FOREIGN EXCHANGE BOUGHT AND SOLD

Correspondence Solicited

and high import purchases impoverished the country too much. Government officials had been obliged to retire if they showed their disapproval, until the complaints of the natives found spokesmen in the mother country and its Parliament. Their altruistic theories expounded were proven to be on a practical basis, when the state revenues began to decline. The Government had to change its policy. Towards 1860 certain quantities of coffee were given free, and gradually most of the monopolies had to be abandoned. The Government now operates only the Banca tin mines and a few cinchona and rubber estates on the general capitalist-industrial principle.

When in 1862 all differential import duties were abolished, private initiative could expand completely, but the Netherlands Trading Society found that her huge organization was too complicated to compete successfully. Gradually all direct trading was abandoned and the large resources were made available for financial purposes.

It invested in plantations, assisted in such private undertakings by furnishing funds to work the crop, and undertook a general banking business. It is in this line that the Society has developed to its present high world-wide reputation.

Up to 1900 it concentrated on the colonies, but new blood took advantage of its fame to expand in foreign countries, especially in Eastern centers trading with the colonies. Consequently it has branches in Singapore, Penang, Rangoon, Hongkong and Shanghai. Those in the Straits Settlements have been especially profitable during this period of free silver circulation, when the Society issued its own banknotes there.

During this century the capital had to be regularly expanded, so that it actually amounts to Fl. 70,000,000, or \$28,000,000, fully paid up.

The Society owns several sugar estates, which are regarded as amongst the best in Java and yield large profits. Considering the moderate amount for

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches: STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 57 other
Places in Sweden

(\$0.26 = 1 Kr.)

Capital Paid Up . . . Kr. 30,000,000

Surplus . . . Kr. 15,200,000

Resources About . . . Kr. 305,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

which they figure in the books (Fl. 3,-850,000) they form a valuable asset.

In 1916 the deposits advanced from under 80 to over 100 millions of dollars, which increase was principally invested in loans and advances.

The range of dividends was: 1905, 15 per cent.; 1906-1908, 9 per cent.; 1909, 10.9 per cent.; 1911 to 1913, 9½ per cent.; 1914, 8 per cent.; 1915, 10 per cent.; 1916, 15 per cent.

The progress of the Society is indicated from the fact that from 1903 to 1916 the paid-up capital increased from \$18,750,000 to \$25,000,000; reserves from \$2,083,000 to \$10,039,000; total capital and surplus from \$20,833,000 to \$35,039,000; deposits from \$21,961,000 to \$105,219,000; profits from \$1,334,000 to \$3,790,000; total liabilities from \$47,510,000 to \$145,510,000. During this same period cash on hand and with bankers rose from \$5,960,000 to \$20,430,000; investments from \$10,570,000 to \$17,895,000; bills discounted from \$5,655,000 to \$25,030,000; loans and advances from \$22,315,000 to \$77,310,000.

This mighty concern had ample opportunity to join bankers' enterprises in the Netherlands itself, such as the participation in syndicates. In the last few years it has developed this home business chiefly in an indirect manner by standing behind provincial bankers and even buying controlling stock in such banks.

Moreover, it has agencies at The Hague and at Rotterdam. The various branches in the colonies are directly

under the "Factory," or chief settlement at Batavia.



Asia Banking Corporation

AMERICAN banking plans for the Far East were crystallized recently by the announcement of the Asia Banking Corporation that its organization has been completed by the election of officers, and that a head office would be opened at No. 66 Liberty street, New York. The company proposes to engage in international and foreign banking in China, in the dependencies and insular possessions of the United States, and, ultimately, in Siberia.

Charles H. Sabin, president of the Guaranty Trust Company of New York, is president of the new company. The vice-presidents are Albert Breton, vice president of the Guaranty Trust Company, and Ralph Dawson, assistant secretary of the Guaranty Trust Company. Robert A. Shaw, of the overseas division of the foreign department of the Guaranty, is the treasurer. The directors are Charles H. Sabin, Seward Prosser, president of the Bankers Trust Company; Thatcher M. Brown of Brown Brothers & Co., who will represent the interest of the Mercantile Bank of the Americas; Eugene W. Stetson, and Albert Breton, vice-presidents of the Guaranty Trust Company of New York; F. I. Kent, vice-president of the Bankers Trust Company; Ralph Dawson, Herbert Fleish-

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY,
President

K. M. VAN ZANDT, Jr.,
Vice-President and Manager

H. C. HEAD,
Cashier

FCO. COUDURIER,
Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED

TELEGRAPHIC TRANSFERS

Foreign Exchange

Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE
REPUBLIC OF MEXICO. P. O. Address: Apartado 1846.

hacker, president of the Anglo and London, Paris National Bank, San Francisco, Cal.; M. F. Backus, president of the National Bank of Commerce, Seattle, Wash.; C. F. Adams, vice-president of the First National Bank, Portland, Oregon, and George F. Smith, president of the Royal Type-writer Company and of the American Manufacturers Export Association, New York.

Preparations are being made to open branches in China and as a preliminary step a central branch will be established at Shanghai. With that object in view, a special commission will be sent into the Far East by the Asia Banking Corporation. This commission will be headed by William C. Lane, vice-president of the Guaranty Trust Company of New York; Mr. Dawson, Crawford M. Bishop, former director of the far eastern division of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, and other representatives of the company who are to be stationed permanently in China. The commission will visit Japan and will make a survey of local conditions in that country as well as in China. The commission expects to leave this country early in September.

The Asia Banking Corporation was formed under the laws of New York State with a capital of \$2,000,000 and a surplus of \$500,000, all of which has been paid in. Among the stockholders are the Guaranty Trust Company of New York, the Bankers Trust Company, the Mercantile Bank of the

Americas, the Anglo & London Paris National Bank of San Francisco, the First National Bank of Portland, Ore.; and the National Bank of Commerce of Seattle, Wash. In New York the bank will occupy the second floor at No. 66 Liberty street. Present plans contemplate the establishment of branches in Hankow, Peking, Tientsin, Harbin and Vladivostok. When the Russian situation clears the new bank will be ready to establish itself in Russia and Siberia, or to affiliate itself with old or new Russian banks. The company is prepared to increase its capital according to requirements.



Barclay's Bank, Limited

AT the extraordinary general meeting of the shareholders of Barclay's Bank, Limited, London, on July 24 for the purpose of acting on the proposal to amalgamate the London Provincial and South Western Bank with the Barclay's Bank, Limited, under the title of the latter. Although the amalgamation itself did not call for any increase of capital, the directors considered it advisable that the authorized capital should be further increased to £20,000,000 by the creation of £6,500,000 new nominal capital in addition to the existing nominal capital of £13,500,000, of which £12,679,444 has already been issued. After carrying through the amalgamation and the increase in the authorized capital, the

capital and reserve fund of Barclay's Bank, Limited, will be as follows:

Authorized capital ...	£20,000,000
Issued capital	12,679,444
Paid-up capital	7,289,444
Reserve fund	6,000,000

The total of the balance-sheet of Barclay's Bank, Limited, on June 30, 1918, was £140,205,539.



Bank of Territorial Development to be Organized

THE Bank of Territorial Development at Peking is to be reorganized, and among other changes to be made it is proposed to increase its paid-up capital to \$2,000,000. It is reported that President Feng Kuo-chang has himself promised to subscribe to a large number of shares.



Bank of New Zealand

AT the ordinary general meeting of the proprietors of the Bank of New Zealand, held at Wellington June 21, the report of the directors showed profits of £386,606, after deducting £21,199 interest on guaranteed stock. Allocating £50,000 in reduction of bank premises and furniture, and including the balance brought forward,

there was available for distribution £343,202. After making allotments for dividends and bonuses, £65,000 was added to the reserve fund, making that item £2,200,000, leaving £145,702 to be carried forward. Deposits at 31st March were £30,437,936, an increase of £1,385,146 compared with the previous year.



General Council for Lloyds Bank

IN connection with the banking developments recently announced, says the London "Statist," entailing increased work and responsibilities, measures for strengthening the management of Lloyds Bank are proposed. A General Council, composed of representatives of Lloyds and the associated banks and a secretary specially qualified for the post, will form a kind of intelligence department to keep the board posted upon the changing financial and commercial conditions here and elsewhere. Further, the number of general managers is to be increased from one to five by the appointment to that position, to act jointly with Mr. Henry Bell, of Mr. Buckley, the assistant general manager; Mr. Draper, the manager of the Lombard Street office; Mr. Harrison, the general secretary; and Mr. Paine, the senior partner of the bank's solicitors.



Union Bank of Australia

THE annual general meeting of the proprietors of the Union Bank of Australia, Limited, was held at the head office in London, July 29. As shown by the balance-sheet presented at this meeting the net profits for the last half-year were £239,293, inclusive of £73,503 brought forward from the previous half-year. Dividend and bonus together at the rate of fourteen per cent. per annum absorbed £140,000, and £25,000 was added to the reserve fund, bringing that item up to £2,025,-

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS . FRANCE

000. There was carried forward the sum of £74,293 to next account.

As at February 28, 1918, the paid-up capital, reserve fund and undivided profits aggregated £4,239,293; deposits were £24,975,569, and total assets, £31,679,956.



Manchester and Liverpool District Banking Com- pany, Limited

ON June 29 the statement of accounts of this institution showed: Paid-in capital, £1,896,000; reserve fund, £1,250,000; reserve for depreciation of investments, £300,000; current, deposit and other accounts, £41,246,942; acceptances, £1,631,126. Total assets £46,324,068.



Union Bank of Manchester

REPORT of earnings of the Union Bank of Manchester, Limited, presented at the eighty-second annual general meeting July 26, showed that the net profits for the half-year ending June 30 were £105,967, to be add-

ed to the amount brought forward, gave a total of £121,415. Of this amount £45,312 was applied to semi-annual dividend; £5,000 written off bank premises; £5,000 to pension fund, and £45,000 was added to the reserve fund. Provision for a special bonus to staff on the occasion of the revision of the bank's capital called for £10,000. There was carried forward to next account £11,103.

The position of the bank's business continues to improve, war finance continuing to figure largely in the operations. Over sixty-one per cent. of the bank's pre-war staff have joined His Majesty's forces. There are inscribed on the memorial tablet the names of twenty-six who have lost their lives in this service.



Banque Italo-Belge

THIS institution has its head office at Antwerp, but possesses no interests in Belgium. Its subscribed capital is francs 25,000,000, of which one-half is paid in. Branches are operated in London, Buenos Aires, and in Brazil—at Sao Paulo, Rio de Janeiro, Santos and Campinas. There is also a branch in Uruguay, at Montevideo.



A Remarkable Instance of Honesty

[Extracts from Minutes of Board of Directors of the Mechanics
National Bank of February 19, 1881.]

AGENTLEMAN called at the bank to-day and handed in a letter from his father, with a statement of the father's indebtedness to this bank, which arose in the following manner:

It appears that he was a member of a firm in 1837, and acceptor of a draft that was sent to this bank for collection. Before the draft became due the acceptors failed, and by mistake this bank omitted to protest the draft, thereby losing a good endorser. This bank was

held for the amount of the acceptance. The acceptors, in compromise, paid forty per cent., and we paid sixty per cent. of the amount. He hands us the sixty per cent., with forty-four years' interest, amounting to \$12,304. In referring to our books we find about \$3,000 charged to profit and loss with the name of the parties.

We were requested not to mention the name.—*Mechanics and Metals Journal.*

Sir Edmund Walker's Fiftieth Anniversary as a Banker

AN event of unusual interest in the banking annals of Canada was celebrated in Toronto on July 24—the fiftieth anniversary of the entrance of Sir Edmund Walker into the banking business. Incidentally recognition was given to the fact that Sir Edmund has not only achieved distinction in banking, but has liberally upheld the cause of education, of music and art and generally fulfilled the obligations of citizenship most creditably.

The celebration of this event took the form of a banquet at the King Edward Hotel in Toronto on the evening of July 24, at which many distinguished bankers and public men were present.

Sir Edmund was in reminiscent mood. He told of going to school at the tender age of four and completing his schooling before he was thirteen. "I was just twelve years and ten months old when I entered the private bank of my uncle in Hamilton. I was just ready to go to the Normal school in Toronto, but the doctor thought I had better get a little flesh on my bones first, so I entered my uncle's office."

His earliest banking experience was obtained, as he himself expressed it, "amongst a multifarious currency," such as existed in the days of the American Civil War. After the establishment of decimal currency in Canada it was the business of his uncle's office to get rid of the old currency which had floated in from the States.

He entered the service of the Bank of Commerce in 1868, and at twenty years of age was offered the management of the Dundas branch, which he declined. In 1873 he went to New York as the junior agent of the bank and very soon found himself in the midst of the trying times incident to the memorable panic of that year. He

helped in caring for the affairs of the New York branch, and when the storm at last blew over it was found that out of loans aggregating five or six hundred thousand dollars only \$40,000 had been lost. In 1886 he became general manager, retaining that important



SIR EDMUND WALKER

office and guiding the affairs of the bank with marked success. In 1907 he relinquished his more active duties and became president.

During the time of Sir Edmund Walker's official connection with the Canadian Bank of Commerce it has grown into an institution of international importance. Its capital is now \$15,-

000,000, reserve \$12,500,000, and total assets \$345,000,000. The bank has 380 branches.

Sir Edmund Walker was instrumental in forming the Canadian Bankers Association, is chairman of the board of governors of Toronto University, president of the Council of the Toronto Museum of Art, formed the Champlain Society—an important historical organization—and has been honorary

president of the Mendelssohn Choir of Toronto since 1900. He has frequently written on Canadian banking and has often spoken before conventions of bankers both in Canada and the United States. He was knighted in 1910 and later was made commander of the Victoria Order. His services since the beginning of the present war, as banker and citizen, have been of great benefit to his country.



Her Sacrifice

SHE cleans floors at 20 Nassau street after you and I have gone home. Staying late to catch up with some work I met her the other evening.

"Excuse me, sir," she said, by way of introduction, "fergive me askin', but are we lickin' the Germans?"

She stood over from my desk, a broom in one hand, a wastebasket in the other. Middle-aged, her care-worn face and silver-threaded hair partly hidden behind the shade of my desk lamp, she smiled at me timidly. I looked up, surprised.

"How's that?" I said; then grasping her meaning, "Yes, of course! Why do you ask?"

"I'm thinkin' of me b'ys, sir, and I'm wantin' them to be safe."

"What boys are you thinking of?"

"Me own soldier b'ys. Ye see, beggin' pardon, I'm a widow and I've got four sons. They're good lads. Two of 'em are in France now. Another wan—he'd just got a nice job on the car line—he's drafted. An' Johnny, he's the youngest, he's wantin' to join the Navy."

"That will leave you all alone?"

"Sure," she answered; and then quickly, so that I would not misunderstand, "but *that* ain't the point. I wouldn't stop anny of 'em when they're needed. I can work. I'm strong."

"You show a fine spirit, madam."

"But, sir, I'm troubled. D'ye think they're safe? Can they lick the Germans? Will they come back?"

"They'll lick the Germans, never fear. And I hope they'll come back. We've got to wait and be patient."

"I can't wait. I'm all a-fidget."

"Your boys write, don't they?"

'Reg'lar as they can. But I want to be near them. I want to see them and talk to them."

"You can't, I'm afraid, until they come back."

"I hear they want women in France for what's called canteens. Please tell me how I can go. Am I too old? Ye'll fergive me sayin' it, sir, but me b'ys are clean lads, and a mother can't help if she's a bit anxious. D'ye think I can see them if I jine a canteen?"

I hated to tell her why she couldn't go to her boys in France, for she was in earnest, real earnest, about her scheme. She went away after that, her tired shoulders drooping a little. As she went I gazed after her, and swallowed something that stuck in my throat. She's a scrubwoman, poor, and not beautiful to look at. But I'm proud to have met her, for she is a real American mother—one of the truest and noblest I've met since the war began. What a fine service flag that must be, embroidered over her heart!—*F. W. G. in Mechanics and Metals Journal.*

Prosperity after the War

IN the opinion of William B. Joyce, president of the National Surety Company, this country is to have a period of prosperity after the war—perhaps the greatest in its history. This view is something more than a personal opinion, for it is based upon information coming from dependable business and financial sources. Asked for a detailed statement of his views, Mr. Joyce said:

American export trade will greatly develop, in (1) gross value of goods annually exported; (2) geographical extent of foreign territory served; (3) variety of goods manufactured for sale abroad.

Our pre-war competitors will, for years, be handicapped by home conditions.

Our bankers, insurance companies and shipping concerns will be able to coöperate with our manufacturers and exporters much more extensively and intelligently because of new mutual understandings developed through recent war conditions. Our exporters will find specially valuable fields in foreign markets, served before the war, by Germany. We have even learned during the war to manufacture classes of goods (dyes, fertilizers, etc.) previously almost exclusively manufactured and exported by Germany. (Our greatest competitor in foreign markets for the first few years after the war will undoubtedly be Japan, which will be only lightly war-burdened.)

America's after-war agricultural development will be equally extensive. Our food-stuffs will be sought by most of Europe. Our pre-war farm labor problem will be solved, thousands of returning soldiers preferring to continue a healthy, physically active, out-door life. Our vast stretches of hitherto little developed farm land will be made highly productive by these men's modernized methods and ambitious energy.

Burdensome after-war taxes should not be feared. America's leading business executives, whose great corporations are today paying a large share of present war-costs, do not fear over severe after-war taxation. While after-war taxes will be heavy, they will constantly grow lighter. Most of the other great nations will be suffering from still heavier taxes, without possessing the compensations of our almost limitless and wholly unimpaired natural resources.

Fear, of wide after-war unemployment through our returning armies and European immigration, is also groundless. Bringing back our millions of soldiers will be a two-year process, allowing ample time for economic absorption. Business and agricultural openings will be numerous. Many women will prefer to relinquish work in which they are now temporarily substituting. Instead of a large European immigration, after the war, experts expect that there will be a large emigration of our foreign-born workers to their home lands.

Increased understanding and coöperation between capital and labor will also undoubtedly assist our prosperity after the war. Many large labor-employing corporations will undoubtedly adopt profit-sharing. Welfare work by employers among employees will also greatly increase.

Stock market fluctuations, immediately after the war, should not be taken as an index of our prosperity. Many pre-war standard stocks may depreciate after peace has been declared, particularly if the coming of peace is discounted by greatly increased values, but strong bonds like Government issues, on the other hand, will probably rise. Government financing of American business, since it is only a war measure, will probably cease when peace comes. But our anti-trust laws will likely be amended to permit American business to reduce production costs by giving capital greater freedom.

Undoubtedly those who are predicting a great business slump after the war overlook some most important influences that will operate in a contrary direction. In the first place, the need of new construction in Europe to repair the war's devastation, and in this country also to make up for the shortage caused by the temporary stoppage of building, will have a strong tendency to maintain prosperity. So also will the revival of many of the so-called non-essential industries, which are now either shut down or working at a greatly reduced rate of production.

Furthermore, the very fact that some are expecting a business slump after the war will tend to prevent its occurrence, not because it is the unex-

pected which usually happens, but because the prevalence of such an opinion acts upon business and finance conservatively, thus tending to prevent the adoption of policies which might carry expansion beyond safe limits.

While Americans are patriotically and uncomplainingly bearing the burdens which the war imposes, it is nevertheless heartening to them to feel that after the war ends they are not likely to have a further trial in the shape of a business depression.

Mr. Joyce has acted in accordance with his opinions, showing his faith in the country's future by subscribing for his own account for nearly \$2,000,000 in Liberty Bonds, and for the account of the National Surety Company \$3,000,000.

Asked to state his reasons for these large subscriptions, he very tersely said:

Because they are the very best investments on earth, both on patriotic grounds and from a pure business standpoint.

Besides this large subscription for Liberty Bonds, the National Surety Company has contributed \$40,000 to the Red Cross.

Mr. Joyce's eldest son, Lieutenant William B. Joyce, Jr., is serving in the U. S. Aviation Corps.

That Mr. Joyce is competent to give an authentic forecast of business conditions in the United States is amply evidenced by his successful career in the financial world. He was born at Utica, N. Y., December 28, 1866, and started out for himself in 1871 by selling newspapers at Grand Rapids, Mich. Subsequently he was employed by Gen. William P. Innis as office boy in Grand Rapids and later as messenger for the Western Union Telegraph Co. He afterwards engaged in the telephone business and in 1884 became manager of the telephone company at Marshall, Mich. In 1886 he undertook the management of the Northwestern Telephone Exchange Co. at Minneapolis and later was promoted to the management of the company at St. Paul, remaining there until 1891, when



WILLIAM B. JOYCE
President
National Surety Company

he became Northwestern manager of the predecessor of the National Surety Co.

In 1904, when the National Surety Co. was laboring under financial difficulties, Mr. Joyce was made president and the company has made rapid strides under his leadership, until it has now become the largest surety company in the world, with capital and surplus of approximately nine millions and total resources of over fifteen millions.

In addition to the general lines of surety business which the activities of the organization completely and efficiently cover, Mr. Joyce has recently developed a service of especial value to banks and the business world, consisting of a form of guaranty against loss

on bank checks which have been raised or otherwise altered. Realizing that any purely mechanical device was unreliable as a safeguard against such alterations, Mr. Joyce conceived a plan for protecting banks and business concerns by a surety bond which affords the most complete protection available.

A service of this kind, while valuable at any time, is especially so now when bank operations are extended so as to be of much greater importance than they had heretofore attained and when business conditions are such that the merchant and manufacturer, as well as the banker, feel the necessity of having a form of protection which assures them that actual bank balances have not been impaired in any secret way.

A Conclusive and Overwhelming Victory over Our Enemies

[From a Speech in the United States Senate, July 25,
By HON. LAWRENCE Y. SHERMAN of Illinois]

MR. PRESIDENT, I do not wish to hear any peace talk or any intimation of peace while Germany occupies Belgium or flies her colors above a single foot of French soil. Neither do I wish to hear any intimations of peace, Mr. President, until Germany has disavowed her piratical warfare on the sea and given pledges to the civilized world that the submarine shall cease its mockery of humanity, not only now but under guaranties for Germany's future behavior. I do not wish, Mr. President, to take time at this inopportune moment and under the limitations under which we proceed during the recess. I only desire to add to what my colleague from Illinois [Mr. Lewis] has forcefully intimated, that peace can not be considered so long as Germany has failed to disavow the reasons that im-

pelled us to declare war against her. There can be no peace on our part while such a public enemy remains at war with this country and with our allies. The only time I myself care to consider whether peace shall be discussed in this chamber is when the power of the United States and her allies has driven Germany from Belgium, from France, has taken her by force off the high seas, and when the colors of this republic are triumphant over the helmet of the Prussian. When that is done, when military force on land and sea has demonstrated even to the apostles of brute force in this world that we can meet them on their own terms and conquer them, I am willing to talk about peace and to listen to some terms for the adjustment of this trouble. Never will there be peace

without victory, but there must be peace with a conclusive and overwhelming victory over our public enemies. Until that shall be done, Mr. President, it is idle to talk or think peace; until that time has arrived, our duty in this chamber is to talk of force without limit, without stint, and to the utmost—swift, unrelenting, and decisive war. To that end let our aeroplane development be thoroughly investigated by the authorities now in charge of it, and in addition to that let us vote not only additional appropriations and men for all proper purposes, but let us see that those appropriations are made effective and that the existing waste be stopped. Let our economical development proceed, but let the expenditure of millions upon millions without adequate result be checked. I understand that these things are incidental to hasty preparation, and I speak in no spirit of criticism but only in a spirit of making our action effective so that we may continue the means of waging unrelenting war until we have produced decisive victory, out of which shall come a permanent peace.

Mr. President, we have in our camps in this country some of the best of our generation; we have across the sea others of the best of our generation. The two years that will end with present appropriations made or to be made will show an expenditure of \$50,000,000,000 that is to be raised by present and future taxation. When the best of our blood, when the countless billions that come from our resources, from our accumulations and our daily toil are to be spent in waging a war of this kind, there is but one way to talk peace, and that is through the agency of our army and navy and to continue pressing back the line that is now north of the Marne until the colors representing the enemy that began this war four years ago shall be thrust back beyond the Rhine, until not one acre of French territory remains under the guns of Germany. Let them then ask for peace. Shall I begin to talk peace to the burglar in my house at night? When I awaken from my slumbers and find a murderous ruffian rifling my household or destroy-

ing my family shall I, when I recover the power of speech, ask this cutpurse for peace, or rather shall I gird my armor about me, seize whatever weapons I have, and appeal to the God of battles and let the invader ask for peace after he shall have been subjugated? That is the time when and the source from which peace must come—not from us, who are the outraged victims on land or sea; not from us, who took up arms justly a year ago last April to meet this invader of the world's peace. So, I repeat, Mr. President, let this great cutpurse of empires understand that the free Governments of the world are to-day meeting with their blood and treasure his efforts to dominate the earth.



How our captains of industry and the workers in the ranks are co-operating in winning the war. Mr. Schwab, Director General of the Emergency Fleet Corporation is shown with his arm around the Pacific Coast's greatest riveter at the Long Beach, Cal., Shipbuilding Company's Yards. His hearty approval of Mr. Myre's work, as thus evidenced, aroused great enthusiasm among the 2,000 workmen at the yards.



A Glimpse of Chicago's Down-Town District

American Bankers Convention

CHICAGO will have the honor of entertaining the convention of the American Bankers Association in the week beginning September 23. As the convention has met in that city several times before, it is unnecessary to speak of the way in which this year's meeting will be cared for, nor is it necessary to speak at length in regard to the hospitable disposition of the bankers there as individuals. In point of location and in railroad facilities, no city in the country is more appropriate for holding a large convention, while the hotels and general attractive features of the city are such as to assure the visitor's comfort and pleasure.

Preparations are being made to entertain the visiting bankers with a programme that will be both interesting and in keeping with war conditions. The disposition this year is to make the Chicago convention a business meeting at which matters of serious importance to bankers and a war-torn country will be threshed out, and much helpful information will be offered to the delegates. The problem within the larger questions relates to the economic adjustments after the war.

One of the features in the way of entertainment, which is in harmony

with the times, will be a visit of the delegates and their wives to the Great Lakes Naval Training Station. This is the largest naval training station in America, and lies about thirty miles north of Chicago on the shore of Lake Michigan. The guests will be taken to the Great Lakes Station by special train over the Chicago & Northwestern R. R. on Saturday morning, early enough for them to reach the training station for a special review programme to take place at 10:30 o'clock.

The entertainments programme will begin on Monday with an automobile ride through Chicago's great boulevard and park system. On Wednesday evening and also on Friday evening, theatre parties have been arranged. On Thursday afternoon there will be a luncheon for the ladies at the South Shore Country Club, a beautiful club house with spacious grounds located on the shore of Lake Michigan, just south of Jackson Park, which was the site of the World's Columbian Exposition in 1893.

Other features of entertainment which will be announced later, consist of the extension of the courtesies of the various golf and country clubs, as well as down-town clubs, to the various bankers.

OUTLINE OF PROGRAMME

Monday Morning, September 23—Committee meetings of the Association and sections.

Monday Afternoon, September 23—Annual meeting of the Executive Council.

Tuesday and Wednesday, September 24 and 25—General meetings of the six sections of the Association—Trust Company, Savings Bank, Clearing House, State Secretaries, National Bank and State Bank.

Thursday Morning, September 26—Opening of General Convention. Concert by one of Chicago's famous bands. Invocation. Addresses of welcome by

a representative of the state of Illinois and bankers of Chicago. Annual address and response to addresses of welcome by President Hinsch. Annual reports of the officers. Addresses.

Thursday Afternoon — Addresses. Following these sessions a meeting of the Committee on Nominations.

Friday, September 27—Opening with a brief concert. Addresses. Report of Committee on Nominations.

Friday Afternoon—Addresses. Installation of officers.

Headquarters of the association during the convention will be at the Auditorium Hotel and Annex, and the general sessions will be held at the Auditorium Theatre.

Book Reviews

FINANCING OF PUBLIC SERVICE CORPORATION. By Milton B. Ignatius. Ronald Press, N. Y. Price, \$5.00.

A comprehensive discussion of the important aspects from the inception of the enterprise and the issue of certificates of interest or indebtedness, to the expenditure of the proceeds and the permanent record thereof.

Intended for the use of corporation officials, bankers, brokers, etc., and representatives of the public engaged in the task of regulation. Author was formerly statistician and accountant, Public Service Commissions of New York. Indexed.



ADVERTISING AND SERVICE. By A. W. Shaw Co. Chicago. Price, \$2.50.

Every phase of bank advertising is covered in a thoroughly tested and practical way.

The volume is fully illustrated and

plans are outlined to aid in adaptation to any organization.

Methods are given for increasing business with women, school children, farmers, and foreigners. Tells how to analyze a field to grasp opportunities for growth.



THE FOREIGN RELATIONS OF THE UNITED STATES, July, 1917. Academy of Political Science, Columbia University, New York. Price, \$1.50.

A remarkable volume of the greatest practical interest to Americans at this critical time in our national history, giving the results of a national conference called by the Academy in May, 1917, at Long Beach, N. Y., to consider our foreign relations.

Contains frank discussions by statesmen, men of affairs, publicists and distinguished scholars — presenting a wealth of material on every side of controverted questions.

The questions considered were (1) The democratic ideal in world organization, (2) Future Pan-American relations, (3) Future relations with the Far East, and (4) Investments and concessions as causes of international conflict.



HOW TO READ THE FINANCIAL PAGE.

By Scribner Browne. Magazine of Wall Street, New York. Price, \$1.

A vest pocket edition of practical information on how to read the financial page.

With a little application, the prospective investor, following this intensive guide, may quickly learn to interpret prices, averages, volume of trade, bank statement of the money market, together with loans, failures and money rates.



ART OF SAVING. By H. A. Blodgett. Harvey Blodgett Co., St. Paul.

The art of saving is a matter of habit says the author of this very timely volume.

Practical help toward forming habits of thrift is offered in an interesting and convincing manner, and the advantages of saving and wise investing are clearly and strikingly set forth.

Our nation has been prone to wastefulness but with the war measures we have come to recognize the value of thrift and saving almost overnight. Books of this character will tend to stimulate the thrift movement.



KNACK OF MANAGING. A. W. Shaw Company, Chicago, Ill. Included with "System" in a year's subscription.

The principles behind the success of America's keenest business men must be mastered. This book shows how to get at them and apply them successfully.

Analyzes and charts the principles of

successful business management—simply, clearly and thoroughly.

The steps in holding the reins of any business are: analyzing the job, planning the operation, organizing the work, handling the help, conserving and caring for the business. Each step is fully explained.



ECONOMIC DEVELOPMENT OF MODERN EUROPE. By F. A. Ogg. Macmillan Co., N. Y. Price, \$2.50.

It is the purpose of this book to indicate the origins, and to explain with some fullness the nature and effects of a number of the more important economic changes—and achievements in Europe during the past three hundred years.

The non-technical subjects: agriculture and land tenure, trade expansion, labor organization, population movements, socialism and social insurance are emphasized.



MODERN BUSINESS CORPORATIONS. By William A. Wood. Bobbs-Merrill Co., Indianapolis. Price, \$4.00.

A practical, thorough and simply constructed treatise on the organization, finance and conduct of business corporations.

Summarizes relevant court decisions and has a wide range of usefulness, especially as a ready reference for lawyers, stockholders, officers, managers, investors and students of economics or of commerce and finance.



THE FOREIGN POLICY OF WOODROW WILSON, 1913-1917. By E. E. Robinson and V. J. West. Macmillan Co., N. Y. Price, \$1.75.

The authors recognize that there has been a great deal of criticism of the Wilson policy, which they believe would entirely disappear if the policy was wholly understood.

To promote such an understanding is the purpose and aim of this book.

Banking and Financial Industry

SPECIAL

**BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	. . . .	President
DANIEL G. REID	. . . .	Vice President
CHAS. W. RIECKS	. . . .	Vice President
ERNEST STAUFFEN, Jr.	. . . .	Vice President
JOSEPH A. BOWER	. . . .	Vice President
JAMES G. BLAINE, Jr.	. . . .	Vice President
FREDERICK W. WALZ	. . . .	Cashier
FREDERICK P. McGLYNN	. . . .	Assistant Cashier
THEODORE C. HOVEY	. . . .	Assistant Cashier
LOUIS W. KNOWLES	. . . .	Assistant Cashier
SIDNEY W. NOYES	. . . .	Assistant Cashier
JOHN P. MAGUIRE	. . . .	Assistant Cashier



Exterior of the Foreign Trade Banking Corporation, 35 Wall Street, New York

Foreign Trade Banking Corporation

America's Pioneer Discount Bank

The war has done much to awaken American bankers to trade opportunities. Following London's lead, a bank to handle trade and bank acceptances is finally established in New York.—Editor.

GENERALLY accredited by the rest of the world with being too fast, the United States can cite one exception at least to prove the rule. It is safe to state that this country has been, by comparison, too impetuous in many lines of endeavor. This is not true, however, of our banking methods. There are many who are convinced that our legitimate banking efforts were long on the side of ultra-conservatism to our detriment.

Until the last decade the darker, quieter and more foreboding a bank was in appearance, and the more inaccessible its officials, the greater financial strength it had in the public estimation. The custom was that the really "big" bankers could only be seen after stated preliminaries had been completed and august functionaries had become convinced that the caller was worthy.

When it came to pioneering—branching out in a new or different direction, or to experimenting along lines which had even a remote possibility of proving a speculative or hazardous risk, the average old-school American banker was more than conservative—his disinclination to become involved amounted to an abhorrence in fact.

How changed are banking conditions to-day! Light has dispelled darkness and the veil of mystery has been lifted. No longer is the banker a difficult person to approach. He sits



MAX MAY

Vice-President and Managing Director Foreign Trade Banking Corporation

out in the open and gladly acts as counselor to customers. He realizes that the way for the bank to do more business is to make business, so he encourages progress by suggesting aggressive methods, yet is sufficiently conservative to insure safety at all times.

WAR PRODUCED CHANGES

Even with this beneficent change in the methods of American banking it remained for the war to bring about still other changes that are almost revolutionary in their far-reaching effects.



GEORGE A. GASTON
President Foreign Trade Banking Corporation
and
President Gaston, Williams & Wigmore, Inc.

Among these is the opening of branch banks in foreign countries and the recognition of the great value of the trade and bank acceptance.

These two changes, combined, bid fair to prove of more actual assistance in making the American merchant and manufacturer potent forces in world trade than any others that have resulted from the war.

Despite the fact that England has long dominated world finance through means and methods known to all intelligent business men everywhere, and further that she had, along with Germany, become a joint leader in commanding the trade situation in most foreign countries by the general use of trade and bank acceptances, the bankers of this country, no less than the merchant and manufacturer, were until the last two years reluctant to employ them in commercial transactions. In this they were doubtless influenced by misguided conservatism or lack of knowledge.

This, it would appear, is proof conclusive that while the United States



General Banking Room, Foreign Trade Banking Corporation

may have earned the reputation of being too fast in certain lines of endeavor, it can not be said that sudden or revolutionary changes in banking contributed in any degree to winning the title.

It is probably true that no other single commercial feature has received the attention during the past two years in this country as has been given to the trade acceptance. Innumerable addresses on the subject have been made all over the country by men familiar with its value; books extolling its potency as a trade adjunct have been written, and to-day a widespread propaganda is under way to educate the American merchant and manufacturer to its uses. This has all resulted, beyond doubt, from the country's foreign trade which has grown by great leaps and bounds until to-day it surpasses that of all other countries.

AMERICA'S FIRST DISCOUNT BANK

Remembering the conservatism which held the country's banking institutions



WILLIAM T. LAW

Secretary Foreign Trade Banking Corporation



Office of Vice-President, Managing Director and Secretary, Foreign Trade Banking Corporation

so long in its grasp, it is little wonder then that it was only last April that the first bank, organized for the specific purpose of dealing in trade and bank acceptances, was opened in this country.

Many banks and trust companies, encouraged by the Federal Reserve Board's endorsement of the trade acceptance and advocating its wide use, have dealt in them in very large volume, but it remained for the Foreign Trade Banking Corporation to become, as its advertisements proclaim, "America's Pioneer Discount Bank."

For a long period there have been four corporations and fourteen private companies engaged in the strictly discount, or trade acceptance, business in London. The two largest have loans and bills rediscounted of over \$120,000,000 each. Their sworn statements indicate that their annual gross profits run well over \$2,000,000.

The first thought of organizing this bank occurred to Geo. A. Gaston, its president, while on a business trip to England something over two years ago. Mr. Gaston had gone to England in the interest of Gaston, Williams & Wigmore, Inc., of which he is also president. In this capacity he was given an insight into the methods employed by England in financing her immense export business.

This, together with his intimate knowledge of the requirements of American exporters along similar lines, determined him upon opening a bank in this country for the specific purpose of offering financial accommodations to overseas shippers.

FORESIGHT AND JUDGMENT REWARDED

Returning home the idea persisted with Mr. Gaston. He observed closer

than ever the workings of the financial end of his own export and import house whose volume of business made it one of the most formidable concerns of its kind in the world.

Before arriving at a final decision Mr. Gaston consulted Max May, who, until a few months ago, was vice-president of the Guaranty Trust Company of New York, and generally conceded to be the most expert man in the country on foreign exchange and foreign banking relations generally. Mr. May was quick to grasp the situation and agreed to become vice-president and managing director of the new bank.

The foresight and judgment of these two astute gentlemen, both typical of the aggressive American business man, have been amply confirmed by what has been achieved by the Foreign Trade Banking Corporation during the half year of its existence.

William T. Law, secretary of the Foreign Trade Banking Corporation, was formerly assistant secretary and assistant treasurer of the United States Mortgage and Trust Co., New York. For a considerable time he was active in acceptance circles, and the practical knowledge he thus gained adds greatly to the value of his services in his present connection.

Domiciled at No. 35 Wall Street, in the very heart of New York's great financial center, this bank enjoys physical advantages as well as others. Having formed powerful connections abroad, and enjoying an ever increasing patronage not only from all parts of this country but from abroad as well, it would seem that this pioneer financial institution is certain not only to fill a long-felt want but also to enjoy prosperity to a degree most gratifying to its founders.



Fifty Years of Successful Banking



New Building of the Omaha National Bank,
Omaha, Nebraska



HE striking growth of the Omaha National Bank of Omaha, Neb., is told in an attractive illustrated booklet bearing the title of "A Half-Century in Banking." An idea of how great the progress has been may be had from the illustrations above, showing the first building of the bank, in 1866, and the present imposing structure, illustrated below.

The story of the institution's progress is also very strikingly presented in the two accompanying balance-sheets, the first under date of October 1, 1866, and the second under date of March 4, 1918.

THE BANK'S ORIGIN

The Omaha National Bank was chartered by the Federal Government

Omaha National Bank—First Quarterly Statement, October 1, 1866

RESOURCES	
Loans and discounts.....	\$42,949.77
Government securities	58,185.91
Furniture and fixtures.....	485.49
Land warrants	243.15
Expense	732.57
Banking house	9,166.69
Overdrafts	21.08
Due from banks and bankers....	35,783.91
Cash items	1,630.22
Cash on hand	70,712.20
	\$219,890.99

LIABILITIES	
Capital stock	\$50,000.00
Circulation	45,000.00
Due banks and bankers.....	554.48
Deposits	120,115.04
Profit and loss	4,221.47
	\$219,890.99

Omaha National Bank—Statement Made to the Comptroller of the Currency, March 4, 1918.

RESOURCES	
Loans and discounts.....	\$15,332,106.68
Overdrafts	1,071.25
U. S. bonds for circulation...	1,000,000.00
Stocks and bonds.....	2,506,509.29
Banking house and vaults....	1,000,000.00
U. S. bonds for deposits	\$200,000.00
Due from Federal Reserve Bank and other correspondent banks	12,998,654.87
Cash on hand.....	2,011,450.37
Due from U. S. Treasury ...	45,400.00
	\$35,095,192.46

LIABILITIES	
Capital	\$1,000,000.00
Surplus and undivided profits.	1,186,651.74
Reserved for taxes.....	17,220.52
Circulation	1,000,000.00
U. S. Liberty Loans borrowed	200,000.00
Subscription to U. S. Liberty Loan account customers....	52,337.09
Special and Government deposits	2,000,000.00
Deposits	29,638,983.11
	\$35,095,192.46

in 1866, while Nebraska was still a territory. It began business on July 2 with a capital of \$50,000, Ezra Millard being president, and J. N. Field cashier. The latter served only a few weeks, and on January 1, 1867, was succeeded by Joseph H. Millard, who has been cashier or president from that time until now. Mr. Millard, who is a brother of Ezra Millard, founder of the



JOSEPH H. MILLARD

President Omaha National Bank, Omaha, Nebraska

bank, is one of the best-known bankers in the West. As early as 1856 he went to Omaha and engaged in the real estate business. Later, in association with his brother and others, the business was changed to banking, under the style of Barrows, Millard & Co. In 1864 Mr. Millard, having disposed of his interest in the Omaha bank, went to the Far West and engaged in banking there. Two years later he returned to Omaha, and very soon after became cashier of the Omaha National Bank.

Besides his long and successful rec-

ord as a bank officer, Mr. Millard has on at least three occasions received distinguished public honors. In 1871 he was elected mayor of Omaha, and in the '80's was chosen as Government director of the Union Pacific Railroad, continuing in this position for seven years. In 1901 he was elected to the United States Senate. He was chairman of the Senate Committee on Inter-Oceanic Canals, and took a prominent part in the hearings looking to a decision as to the type of Panama Canal construction. The canal was built in accordance with the type which he advocated.

At first the bank was located in the very modest frame building shown in the introduction to this article, the location being at Douglas and Fourteenth streets. Later a building was erected on Thirteenth street, and in 1910 the present structure was acquired from the New York Life Insurance Company. It stands at the northeast corner of Farnam and Seventeenth streets, and is on a site which was formerly the home of President Millard, his desk occupying the spot once his library.

It is stated that the first frame structure was worth \$500, while the present banking-house, conservatively valued, is worth \$1,000,000 and the lot on which it stands is worth a like amount.

PRESENT OFFICERS

Besides Senator Millard, the president of the bank, the other officers are Ward M. Burgess, vice-president and director, who is one of the prominent figures in the business life of Omaha. He is vice-president and general manager of the wholesale dry goods house of M. E. Smith & Co., and president of the Burgess-Nash Co., one of the largest department stores of the west. He was elected a director of the bank in 1903.

Walter W. Head, vice-president and director, came to the bank in 1917 from the American National Bank of St. Joseph, Mo., of which bank he retains the offices of vice-president and director. He has been in the banking busi-

ness many years, and has had experience as a country banker and a bank examiner.

B. A. Wilcox, vice-president and director, has been connected with the bank since 1888. He was assigned to the duties of messenger and it was his first employment after leaving school. He rose to the position of discount clerk, and to the office of assistant cashier in the discount department. This office he held until 1916, when he was elected a vice-president.

Frank Boyd, vice-president, has been in the banking business all his life, beginning his career in Ainsworth, Neb. He came to the Omaha National in 1892, winning promotions to the offices of assistant cashier, cashier and vice-president. He was elected to the last named office in 1917.

Ezra Millard entered the banking

business, upon his graduation from Harvard, as a clerk in the Commercial National Bank of Omaha. He is a son of the late Ezra Millard, founder of the Omaha National Bank and a nephew of Senator J. H. Millard. He came to the bank in 1908 as assistant cashier, was made a director in 1915, and elected cashier in 1917.

In its fifty-two years of banking service the Omaha National Bank has kept in a strong position and has grown to be an institution having total resources of over \$35,000,000, without consolidating with any other bank.

The pamphlet from which the foregoing information was obtained contains an appropriate tribute to the late William H. Bucholz, who was elected cashier and a director of the bank in 1907 and three years later was made vice-president.



Advantages of the Trade Acceptance

By F. B. FRANCIS, NEW YORK AGENT CANADIAN BANK OF COMMERCE

TO convince the giver of such credit that the trade acceptance possesses advantages for him over the inert book account should not be difficult. They may be briefly summarized as follows:

1. The trade acceptance is a negotiable instrument constituting an acknowledgment of indebtedness and a definite written undertaking to pay it on a specified date.

2. It ensures prompter settlements and the elimination to a large extent of overdue accounts and of disputes between debtor and creditor. How easy it is for the open account debtor to put off payment from day to day! The trade acceptance permits no such mental laxity. He must pay or his standing both with his creditor and his banker will suffer.

3. Under the acceptance system the banker is able to see how the merchants of his community meet their

trade obligations and is consequently in a better position to advise the wholesaler and jobber as regards their credit standing. By this means also he is better able to avoid taking on poor risks himself and this must react indirectly to the benefit of his customers generally.

4. Banks will naturally lend more on two name trade paper, the value of which can be appraised with reasonable certainty, than upon single name notes resting on book accounts regarding the existence and quality of which it is difficult to obtain independent evidence.

5. By discounting trade acceptances the vendor may be able to obtain all his credit requirements from one bank, which for reasons already explained should be to his advantage. He should also receive in part at least the benefit of the preferential discount rate that this credit instrument commands..

The Barkley Coupon Book Plan

NOT many years ago the now well-known Club Plan would have been pronounced by any practical banker as impossible on the ground, if for no other, that receiving payments once a week from thousands of people would present accounting problems impossible of solution. Yet now we have thousands of banks operating Loan, Christmas, or other "clubs" the number of "members" running to many thousands.

For many years in this and other countries people have formed clubs for the purpose of saving money for some definite purpose. For an agreed time the members of such clubs paid a small sum weekly to the treasurer elected by the members, and at the completion of the club term the various members received the total amount of their payments for some definite purpose, vacation expenses or Christmas money, for instance.

APPLICATION TO BANKING.

About ten years ago a Pennsylvania banker conceived the idea that such clubs would be more popular if conducted by a banking institution, and that the bank would benefit by a closer acquaintance with the public. The idea at once became popular.

One ingenious method of handling these thousands of weekly payments without risk or confusion was devised by M. B. Barkley, a systems expert for the Baker Vawter Company, and was first used in Holyoke, Mass., about seven years ago for a vacation club.

The essential problem with which Mr. Barkley had to contend with was how to give the depositor a receipt which would clearly show (a) date of payment, (b) amount of payment, (c) to whom payment was made, and at the same time carry (d) adequate means of detecting forgery and (e) give the necessary speed at the window, and (f)

furnish the bank with a duplicate record of each transaction.

Mr. Barkley's plan consists of issuing to each depositor or member a book of usually fifty pages covering fifty weekly payments; each page consists of a stub and a detachable coupon. On both stub and coupon are printed the amount of the payment, the account number and



The Coupon-Book

the serial number of each payment. When a payment is made a single impression is made by a specially designed rubber stamp, which dates both the stub and coupon and shows to whom the payment was made by a key number. The coupon is then detached and becomes the bank's original record, while the stub remains in the book retained by the depositor and constitutes the depositor's record of the payment. By this method payments can be received very rapidly,

since no writing is required. In some cases as many as five payments per minute have been received.

ACCOUNT NO. 10137 PAYMENT NO. 11

WHEN OFFICIALLY STAMPED AND DATED THIS IS A RECEIPT FOR THE AMOUNT PRINTED BELOW IN ACCORDANCE WITH THE BARKLEY PLAN

MAR 24 1918
CREDIT ACCOUNT

DO NOT DETACH COUPON

CREDIT ACCOUNT NUMBERED BELOW

SERIES NO. 14
U. S. PATENT NO. 1,202,646

ACCOUNT NO. 10137 PAYMENT NO. 11

One of the Coupons

The bank's ledger record is kept also by rubber stamp posting.

The accompanying illustration shows the ledger card with balances printed in advance. As each coupon comes to the bookkeeper the date on which payment was made is stamped on the ledger card.

In short, the Barkley coupon system by only two impressions of a rubber stamp gives both the depositor and the bank a record as complete as the ordinary pass-book record used for savings accounts and with much less expenditure of time and labor.

USED IN HANDLING LIBERTY LOAN SUBSCRIPTIONS.

When the first Liberty Loan was announced banks generally perceived that in their Club departments they had a prepared and efficient means of popularizing the loan. The previous education of the public to weekly payments by

means of Christmas clubs was no doubt the prime factor in the instant success of partial payment loan subscriptions.

There is a selling psychology in most banking transactions. The customer's mind is unconsciously impressed by the visible evidence of his wealth. The selling power of the coupon-book is strong in Liberty Loan Clubs—the book is neat in appearance and conveniently fits the pocket. Each page is a visible evidence of the obligation to be performed. As payments are made the coupons yet to be paid decrease and the paid stubs increase. There is therefore concrete evidence of accomplish-

10137

	DATE OF REGULAR PAYMENTS	DATE OF DELINQUENCY PAYMENTS	DATE OF REGULAR PAYMENTS	DATE OF DELINQUENCY PAYMENTS
1	1.00	26	26.00	
2	2.00	27	27.00	
3	3.00	28	28.00	
4	4.00	29	29.00	
5	5.00	30	30.00	
6	6.00	31	31.00	
7	7.00	32	32.00	
8	8.00	33	33.00	
9	9.00	34	34.00	
10	10.00	35	35.00	
11	11.00	36	36.00	
12	12.00	37	37.00	
13	13.00	38	38.00	
14	14.00	39	39.00	
15	15.00	40	40.00	
16	16.00	41	41.00	
17	17.00	42	42.00	
18	18.00	43	43.00	
19	19.00	44	44.00	
20	20.00	45	45.00	
21	21.00	46	46.00	
22	22.00	47	47.00	
23	23.00	48	48.00	
24	24.00	49	49.00	
25	25.00	50	50.00	

The Ledger Card

ment and thereby the Barkley coupon-book is doing its bit to "Win the War."

In New York City alone the New York Liberty Loan Committee obtained over eight hundred thousand partial payment subscriptions using the Barkley book. All banks in Cleveland, Ohio, and many prominent banks in Chicago, Boston and other cities are using the Barkley Plan.

New Book on France by N. F. Hoggson



NOBLE FOSTER HOGGSON
President, Hoggson Brothers, New York

"JUST Behind the Front in France" is the title of a new volume written by Noble Foster Hoggson, and published by the John Lane Company.

The book pictures the region of sunny France laid waste by German guns. But, more than that, it reveals the sublime spirit—risen Phenix-like from the ashes and ruins of war—of the French people.

As a member of the American Industrial Commission which visited France last year, Mr. Hoggson, who is president of Hoggson Brothers, the builders, was afforded exceptional opportunities for study and observation. His book records the sensations and impressions made on him by the sorrowful changes which he found in our war-stricken sister republic.

"Just Behind the Front" is not merely "another book about the war." There is little in it of the thunder of cannon or the clangor of combat. It is a book of faith and hope and courage, written simply and sympathetically, but with all those charming qualities which mark the author's previous writings.

(Just Behind the Front in France. 160 pages, 32 illustrations, \$1.50 net; John Lane Company, New York, Publishers.)



Getting Ready to Build

WHILE building operations are necessarily restricted on account of the war, many banks find it necessary to put up new buildings or to remodel their present buildings in order to meet the demands of their growing business.

In regard to the probable course of the cost of materials Mr. Edwin D. Weary, president of Weary & Alford Company, the well-known Chicago bank architects, thus advises the banks contemplating building:

The war must terminate some time; perhaps earlier than we expect. A careful review of the situation convinces us that

there will then be a temporary drop in the prices of building construction. This will be followed by higher prices than ever, because of the accumulated demand for new buildings, and for structural materials. The far-sighted banker will reap a tremendous benefit in time and in cost if he is ready to let his contracts at the time prices commence to drop.

To our clients who know they must have a new building our advice is to proceed at once with the preparation of both their drawings and specifications.

By having their plans ready in advance Mr. Weary believes that the banks will be in a position to take quick advantage of a favorable change in the building situation.

Banking and Financial Notes

ADDITION TO STAFF OF BANKERS TRUST COMPANY

Seward Prosser, president of the Bankers Trust Company, New York, announces that George B. Mallon has become a member of the company's staff. Mr. Mallon was city editor of the "Sun" for twelve years and for five years was associated with Erman J. Ridgway in editing the group of five Butterick magazines and as secretary and treasurer of the Ridgway Company, which publishes "Everybody's Magazine" and "Adventure." He has been state publicity director for the National War Savings Committee for New Jersey and editor of "War-Thrift," published in Newark twice a month to help along the War Savings Campaign. Mr. Mallon is president of Amherst Alumni Association of New York and of the "Sun" Alumni Association.

A BANK'S FIRST GOLD STAR

The 126 blue stars heretofore on the service flag of the National Bank of Commerce in New York have given place to one of gold and 125 of blue, the gold star being in honor of James F. Ward, an employee of the bank since June 9, 1916. He enlisted with a machine gun company on his sixteenth birthday, June 1, 1917, and was killed a year afterward during action in France.

RESUMES DUTIES AS ADVERTISING MANAGER

After an absence of nearly a year in the service of the Liberty Loan Publicity Committee, J. I. Clarke has resumed his duties as advertising manager of the National Bank of Commerce in New York.

In February, 1917, Mr. Clarke entered the Service Department of the

bank, and shortly thereafter was appointed advertising manager. At the beginning of the First Liberty Loan campaign he went to the Liberty Loan Committee of the Second Federal Reserve District, and was manager of the press bureau during that campaign. During the Second Liberty Loan campaign he was manager of the advertising bureau, while for the Third Loan he was assistant director of publicity in charge of advertising.

On the termination of Mr. Clarke's connection with the Liberty Loan Committee of the Second Federal Reserve District, Governor Strong of the Federal Reserve Bank wrote to Mr. Alex-



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN P. FAIRCHILD,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

Vice-Presidents

THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

under a letter highly appreciative of Mr. Clarke's work. A dinner was given at the Hotel Martineau by the members of the advertising bureau, at which he was presented with testimonials, including commendatory resolutions showing the regard in which he has been held by his staff.

CONTINENTAL GUARANTY CORPORATION

On the 22d of July the board of directors of the Continental Guaranty Corporation of New York declared a dividend of 2 per cent. for the quarter ending June 29, on the capital stock of the corporation, payable July 25, 1918, to stockholders of record at the close of business July 23, 1918.

WESTERN BANK ADVERTISING EXPERT REMOVES TO NEW YORK

Charles H. Moore has recently come from the West for the purpose of engaging in the bank advertising business. As trust officer of the Union Trust Company of Spokane, Washington, during the first seven years of its existence, Mr. Moore assisted in building up a department which developed a business well over five million dollars in trust accounts. Later he was publicity manager of the Spokane and Eastern Trust Company, which has become the largest trust company in the Pacific Northwest. It was during Mr. Moore's incumbency as publicity director that this institution was honored at the Philadelphia national convention by

the Associated Advertising Clubs by receiving one of three awards given in the first country-wide competitive display of bank advertising.

During the past two years Mr. Moore has been affiliated with the financial advertising house of Harvey Blodgett Company, St. Paul.

MR. PLATTEN A DIRECTOR OF GALENA-SIGNAL

John W. Platten, president of the United States Mortgage and Trust Company of New York, has been elected a director of the Galena-Signal Oil Company.

HEAVY HOLDERS OF GOVERNMENT SECURITIES

A compilation made by the "New York Times" shows that twenty of New York's largest banks and trust companies own \$594,000,000 of United States Government securities. This is more than ten per cent. of the aggregate resources of these twenty banks, which total nearly \$5,400,000,000. The securities include Liberty Loan bonds, Treasury certificates of indebtedness, and, in the case of national banks, bonds to secure circulation.

GUARANTY TRUST FIRST IN ACCEPTANCES

The Guaranty Trust Company of New York ranks at the top of the list in the amount of acceptance business done, with more than \$50,000,000 to its credit. The last statement makes



The Chemical National Bank of New York

(Established 1827)

The Elements of Success

Good Methods

By which is meant those principles of conservatism and character that have enabled this institution, not only to meet every financial storm experienced by this country during the past hundred years, but as well to increase its deposits substantially during such periods.

Good Facilities

By which is meant not banking equipment alone, but an executive force qualified to consult and advise with customers upon those matters of finance and business which make for their protection and progress.

Good Treatment

By which is meant that type of personal attention which, alert to the requirements of those seeking service, makes it a pleasure to be served.

Upon these policies this institution has been built and its present success attained.

We seek new business on our record.

an excellent showing for this bank, with total resources of \$697,000,000, which indicates its ability to handle all the big business which is coming to it. One of the new services which it has instituted is its overseas service.

Checking accounts can be opened with the company's London or Paris offices, and can be used on the other side practically the same as in the United States. Commissioned officers having a checking account at the Paris office have the additional advantage of being able to cash checks thereon at the leading French banks. This arrangement is also of especial advantage to regimental or company fund treasurers. Arrangements can also be made whereby checks on home banks in the United States can be cashed in numerous places throughout France. Among the other services offered is one whereby relatives or friends in this country can open credits for men in service on the other side.

ADVERTISING THE THIRD LIBERTY LOAN

In an address delivered before the Associated Advertising Clubs of the World at San Francisco, William J. Mullally, of New York, chief of the copy division, described graphically the work of the Publicity Department in the Third Liberty Loan campaign. Among other good things, Mr. Mullally said:

Perhaps the keynote of the work of the Publicity Department, to which was assigned the task of appealing to the public through the written word, was the consistent attempt to set before the people of the district not only the fundamentals of Government finance, but the deeper inspiration of the war itself in all its phases in such a manner as to leave the buyers of bonds with a powerful feeling of voluntary co-operation in war service. It was largely a campaign to "sell the war." More and more as the war goes on the Liberty Loan organization will be able to get the vast and varied population of New York city and the Second Federal Reserve District on a basis where it will be impossible for anyone to fail to contribute a fair share to



ANSEL P. VERITY
Cashier First National Bank, Brooklyn, N. Y.



RUSSELL C. IRISH
Asst. Cashier First National Bank, Brooklyn, N. Y.

Government financing. We have felt very strongly, however, that it is much better to get four million subscribers to buy Liberty Bonds with enthusiasm and inspired by deep sympathy with and knowledge of the war, than it is to get the same number of people purely on a card catalogue basis by assigning a specific sum to them and collecting it through a soliciting organization.

FIRST NATIONAL BANK OF BROOKLYN

Several promotions have taken place in the official staff of the First National Bank of Brooklyn, N. Y., a sixty-five-year-old institution, which is one of the most progressive banks in the Borough of Brooklyn.

Ansel P. Verity, elected cashier, started with the First National Bank in 1906. He was appointed assistant cashier in March, 1911, and for two years has been right-hand man to Wm. S. Irish, vice-president and cashier.

Frederick W. Krueger, elected assistant cashier, began service with the First National Bank in 1904 and has been paying teller since April, 1913.

Russell C. Irish, appointed assistant



FREDERICK W. KRUEGER
Asst. Cashier First National Bank, Brooklyn, N. Y.

"The Bank That Service Built"

THE

SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,598,000
Deposits	60,453,000

S. G. BAYNE, President	
C. C. THOMPSON, Vice-President B. L. GILL, Vice-President W. K. CLEVERLEY, Vice-President L. N. DeVAUSNEY, Vice-President H. W. DONOVAN, Cashier	O. M. JEFFERDS, Asst. Cashier C. C. FISHER, Asst. Cashier J. D. SMITH, Asst. Cashier B. I. DADSON, Asst. Cashier J. E. OER, Asst. Cashier

DIRECTORS		
SAMUEL G. BAYNE WILLIAM K. CLEVERLEY EDWARD J. CORNISH MICHAEL J. DEGNON	HENRY C. FOLGER BENNETT L. GILL EDW. H. R. GREEN PETER McDONNELL	JOSEPH SEEP CHARLES C. THOMPSON WILLIAM H. WOODIN DAVID H. E. JONES

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

cashier, began with the bank in 1905 and for three years has been the efficient head of the new business department.

The capital of the First National Bank is \$300,000 and surplus and undivided profits \$670,521. The deposits have increased in the past year more than a million dollars and now total approximately \$7,400,000.

CHANGES IN NEW YORK BANKING LAW

The Federal Reserve "Bulletin" calls attention to amendments to the banking laws of New York made at the 1918 session of the Legislature, wherein changes were made in sections 105 and 190, restricting loans and investments by banks and trust companies, respectively, by adding to each a new subdivision reading as follows:

None of the limitations or restrictions contained in the previous sub-divisions of this section shall apply to loans, discounts or other extensions of credit secured by Liberty bonds or by other bonds or securi-

ties issued by the United States Government for war purposes, if the market value of such Liberty bonds or other securities exceed by ten per centum the amount of any such loan, discount or other extension of credit.

The Board likewise draws attention to the following amendment to Section 238 relating to the powers of savings banks so as to permit them to receive Liberty or other Government bonds for safe keeping:

8. To receive as depository, or as bailee for safe keeping and storage, Liberty bonds or other bonds or securities issued by the United States Government for war purposes or otherwise.

NEARLY A BILLION DOLLARS IN NEW YORK SAVINGS BANKS

Notwithstanding the heavy subscriptions to Liberty Loans in New York, the falling off in savings deposits has been very slight, only \$8,812,724 for the entire year ending June 30. Deposits on that date showed a total of \$983,316,211, as against \$992,128,935 on the same date last year. The num-



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY
Vice President

WILLIAM H. STRAWN
Vice-President

NORBORNE P. GATLING
Vice-President

H. A. CLINKUMBROOMER
Vice-President

ROLFE E. BOLLING
Vice-President

WALLACE T. PERKINS
Vice-President

WALTER B. BOICE
Asst. Cashier

VINTON M. NORRIS
Asst. Cashier

RICHARD H. HIGGINS
Vice-President

BERT L. HASKINS

Vice-Pres. and Cashier

C. STANLEY MITCHELL
Vice-President

MAX MARKELL
Vice-President

GEORGE R. BAKER
Vice-President

HENRY L. CADMUS
Asst. Cashier

HENRY C. HOOLEY
Asst. Cashier

JOSEPH BROWN
Asst. Cashier

GEORGE M. HARD
Chairman

ACCOUNTS INVITED

Total Resources over \$90,000,000

ber of savings accounts increased during the year by 21,250, which fact discloses an educational value of the Liberty Loans.

OPENING FOUR NEW BRANCHES

The New York State Banking Department has received application from the American Foreign Banking Corporation, of 56 Wall Street, New York, for authorization to open and maintain branch offices of that institution at each of the following places:

Rio de Janeiro, Republic of Brazil;
Cap-Haitien, Republic of Haiti;
Saint Marc, Republic of Haiti;
Cali, Republic of Colombia.

BATTERY PARK NATIONAL TO INCREASE CAPITAL

It has been decided by the stockholders of the Battery Park National Bank, 8 Broadway, New York, to increase the capital stock of the bank from \$400,000 to \$1,500,000, and to increase the surplus from \$400,000 to \$1,400,000, thus making a total capital and surplus of \$2,900,000. The board of directors has declared a special dividend of twenty-five per cent., or \$100,000, payable to the stockholders on September 16.

To provide for the additional \$2,100,000 of capital and surplus, the stockholders authorized the sale of 11,000 additional shares of stock of \$100 par value. It was decided to sell 1,000 shares at \$100 each and 10,000 shares at \$200 each. The present stockholders are entitled to subscribe for stock in the amount of twenty-five per cent. of their present holdings at \$100 a share; and also in an amount of two and one-half times the number of shares now owned at \$200 a share.

In July, 1916, the capital and surplus of the bank was doubled to \$800,000. The latest statement of condition shows that the Battery Park National Bank has gross deposits of close to \$10,000,000.

PERSONNEL OF THE NEW YORK COMMITTEE OF THE WAR FINANCE BOARD

The new district committee in New York of the War Finance Board is composed of the following gentlemen:

Pierre Jay, Federal Reserve agent.

Benj. Strong, vice-chairman, governor Federal Reserve Bank, New York.

Frederick Strauss, vice-chairman, J. & W. Seligman & Co.

Franklin Q. Brown, Redmond & Co.

John R. Morron, president Atlas Portland Cement Co.



THE officers of this bank are always at the immediate service of its customers

PHINEAS C. LOUNSBURY, Chairman	GILBERT H. JOHNSON, Vice-President
HERMAN D. KOUNTZE, President	WILLIAM F. FITZSIMMONS, Vice-President
EDWARD K. CHERRILL, Vice-President	FRANK E. ANDRUSS, Cashier
KIMBALL C. ATWOOD, Vice-President	JOHN P. LAIRD, Assistant Cashier
JOHN H. BRENNEN, Assistant Cashier	

Capital, Surplus and Undivided Profits, \$1,800,000

ATLANTIC NATIONAL BANK

257 BROADWAY

ESTABLISHED 1829

NEW YORK

NATIONALIZED 1865

Charles A. Stone, president American International Corporation.

Martin Vogel, assistant treasurer United States Sub-Treasury, New York.

S. Reading Bertron, Bertron, Griscom & Co.

Harry Bronner, chairman finance committee Missouri Pacific Railway Company, director Bethlehem Steel Corporation.

Newcomb Carlton, president Western Union Telegraph Company.

George B. Cortelyou, president Consolidated Gas Company.

Allen B. Forbes, Harris, Forbes & Co.

W. T. Graham, president Goldschmidt Detinning Co.

George E. Hardy, Hodenpyl, Hardy & Co.

Alvin W. Krech, president Equitable Trust Co.

Thomas W. Lamont, J. P. Morgan & Co.

E. G. Merrill, vice-president Central Union Trust Co.

E. H. Outerbridge, president Chamber of Commerce, State of New York.

Charles V. Rich, executive manager National City Bank.

Walter T. Rosen, Landenburg Thalmann & Co.

Charles H. Sabin, president Guaranty Trust Company.

W. L. Saunders, chairman board of directors Ingersoll-Rand Company.

Arthur Sinclair, Jr., Estabrook & Co.

Henry R. Towne, chairman board of directors Yale & Towne Manufacturing Company.

James N. Wallace, president Central Union Trust Co.

Albert H. Wiggin, president Chase National Bank.

Walter Cooke, Kenefick, Cooke, Mitchell & Haas, Buffalo.

PAYING BRITISH GOVERNMENT COUPONS
IN NEW YORK

Arrangements have been concluded by the Federal Reserve Bank of New York whereby it can receive for col-

Deposits—September 20, 1916 . . . \$7,484,024.47

Deposits—August 20, 1918 . . . 18,556,967.58

(This is not the result of consolidation)

Citizens Commercial Trust Company

BUFFALO, N. Y.

Capital and Surplus . . . \$2,500,000.00

MEMBER FEDERAL RESERVE SYSTEM

lection coupons from all British Government securities which had previously been payable in London. Of course, these will be accepted only from banks, but the coupons can be presented for collection at any time, but not more than one month prior to their due date, and when so presented will be paid at the current rate of exchange as soon thereafter as possible. No charge will be made for this service.

The coupons must be accompanied by a schedule which will include a declaration of non-enemy ownership, also in cases where non-residents of Great Britain claim exemption from the British Income Tax, on coupons which would otherwise be subject to this tax, they must be accompanied by a special form of income tax declaration, which the Federal Reserve Bank will give upon request. All coupons must also be accompanied by United States income tax ownership certificate form 1001A.

ADDITION TO SERVICE DEPARTMENT NATIONAL BANK OF COMMERCE

Benjamin M. Anderson, Jr., assistant professor of economics, Harvard University, and a writer of national note on theoretical and practical financial subjects, has been added to the service department of the National Bank of Commerce in New York. This appointment is in keeping with the bank's policy of rendering informative and advisory service on the broadest possible business lines to its customers. The service department prepares and

makes available for the bank's customers economic and commercial information.

Professor Anderson is author of "Social Value," 1911, and "The Value of Money," 1917. In addition he is author of numerous magazine articles on money, commerce and other economic subjects. His books and magazine writings have attracted marked attention by their thorough and advanced treatment of the subjects handled and have established his place among the leaders of economic research and thought.

Professor Anderson was graduated from the University of Missouri in 1906. He was professor of English literature and economics in Missouri Valley College, 1906-1907; head of the department of history and economics, State Normal College, Springfield, Mo., 1907-1911; instructor in economics, Columbia University, 1911-1913; and assistant professor in economics, Harvard University, since 1913. He is a member of the committee on the purchasing power of money in war time, American Economic Association, and also of the committee of the association on price fixing. He received his A. M. degree in economics and philosophy from the University of Illinois, 1910, and while Garth Fellow in political economy at Columbia University, he won the Hart, Schaffner & Marx economic essay prize for 1910. He received his Ph.D. degree in economic philosophy and sociology from Columbia University in 1911.

GUARANTY TRUST COMPANY

William Ripley Nelson was appointed an assistant treasurer of the Guaranty Trust Company of New York on August 15. He will have charge of the organization and personnel of the bond and securities department. Mr. Nelson came to the Guaranty as an assistant in the income tax department and shortly afterwards became chief clerk of the department of publicity and new business. He became chief clerk of the company in October, 1917.

Elias Milford Bentley was appointed office manager of the Guaranty Trust Company of New York on August 15. He will have charge of the clerical operation of the company and of the entire clerical force, subject to the general supervision of the vice-president in charge of the organization.

Mr. Bentley was born on a farm in the town of Bennington, Wyoming county, N. Y., on July 17, 1874. He was educated in country schools and at Union School at Attica, N. Y. He began his business career in the office of the superintendent of a small narrow-gauge railroad, and learned telegraphy while serving as railway and express agent. After two years he entered the service of the Western New York & Pennsylvania Railway, now a part of the Pennsylvania Railroad system, at Genesee Junction, N. Y. Three years later he took a clerical position in the engineering department of the Buffalo, Rochester & Pittsburgh Railway, in the general offices of the company at Rochester, N. Y. He became chief clerk in 1901, and special representative in 1911. Five years later he became special representative of the general manager of the company, leaving that position to enter the service of the Guaranty Trust Company of New York. Since 1901 Mr. Bentley's duties have embraced the supervision of accounting and general office work as well as special duties in connection with other railway lines, various industries, public service commissions, and the Interstate Commerce Commission. For

Resources**\$17,000,000.00**

If intelligent handling of items and low rates appeal to you send us your Buffalo business

**Try our Service**

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

Send for our booklet

**"The Transfer of Reserves
To Federal Reserve Banks"**

THE Philadelphia National Bank

(ORGANIZED 1863)

a number of years Mr. Bentley was identified with the activities of the Rochester Chamber of Commerce.

William G. Wendell, secretary of the Paris office of the Guaranty Trust Company of New York, has obtained a leave of absence for the duration of the war in order to enter government service. He will be succeeded by Edward de Lima, who, previous to his departure for France, was an assistant manager of the foreign department at the New York office of the company.

DR. WILLIS TO OCCUPY COLUMBIA CHAIR

Dr. H. Parker Willis, secretary of the Federal Reserve Board since its creation, has resigned to take the newly-established chair of banking at Columbia University, New York.

CREDIT FUNDS FOR CHILE AND PERU

Credit funds for the account of Chile and Peru are about to be established in New York to the extent of \$30,000,-

000 for Chile and \$20,000,000 for Peru. The arrangement is for the purpose of stabilizing exchange and parallels the similar fund recently negotiated for the Argentine Government, which now has a credit of \$60,000,000 in the Federal Reserve Bank here and against which currency has been issued in Buenos Aires. The credit balances in New York are built up through the accumulation of sums owed by importers of goods from the countries involved.

SAVINGS BANKS URGED TO MAKE HEAVY SUBSCRIPTIONS

The Savings Bank Association of New York State has issued an appeal to the savings banks of the state to conserve their earnings during the next four months in order that they may subscribe to the Fourth Liberty Loan to the extent of at least six per cent. of their deposits. The banks are asked to sell the bonds to depositors and to retain all not sold. The state-



EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION
NATIONAL
BANK**



PHILADELPHIA

Resources over
\$16,000,000

ment of the association closes as follows:

Every savings bank in the State of New York should plan to subscribe for an amount of bonds at least to 6 per cent. of its deposits; to sell to its depositors and the general public as much as possible of the amount so subscribed and should be prepared to take for its own account the difference between the amount subscribed and the amount it succeeds in selling.

Savings banks are deeply interested in all the phases of the next and each succeeding loan; the rate of interest; the time the bonds have to run; what manner of arguments the speakers shall use in selling campaign; and the form, method and time in making partial payments.

That we should have knowledge of these vital facts early, the Savings Bank Association should have a representative on the Liberty Loan Committee; and in order to show good reason for such recognition, we should be able to state to the Federal Reserve Board approximately how much the members of this association might in the aggregate be expected to subscribe, for the next loan, provided the conditions governing the issue should conform to our reasonable requirements.

FUNDS TO MEET ACCEPTANCES

Supplementing the recent order of the New York Clearing House, that bank acceptances may be sent through the clearing-house on the day of their maturity, a rule requiring clients to provide their banks with funds to meet all acceptances made for their accounts on the day of maturity has been adopted by a number of banks at a meeting held at the National Bank of Commerce in New York.

The rule was embodied in the following resolutions, adopted by the meeting:

Whereas, The Clearing house Committee of the New York Clearing-House Association by resolution adopted July 29, 1918, effective August 1, 1918, has ruled that acceptances may be passed through the clearings on the day of their maturity; and

Whereas, It has therefore become necessary that banks executing acceptances which are payable through the New York Clearing-House adopt some uniform rule covering the time and manner of reimbursement from their clients for such acceptances

Resolved, That the accepting bank shall



UNION COMMERCE

National Bank

OF CLEVELAND

Capital \$4,000,000

Surplus 2,000,000

*"Expedition Service now—
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON,	President	WALTER C. SAUNDERS,	Cashier
GEORGE S. RUSSELL,	Vice-President	HARRY E. HILLS,	Asst. Cashier
WILLIAM E. WARD,	Vice-President	CARL R. LEE,	Asst. Cashier
ELMER E. CRESWELL,	Vice-President	FRANK A. WHITE,	Asst. Cashier
WILLIAM C. CAINE,	Vice-President	FRED. W. COOK,	Asst. Cashier

require from its clients that it be placed in funds to meet acceptances on day of maturity either by,

- The deposit of clearing-house funds one day prior to maturity, or
- The deposit of cash or check on the Federal Reserve Bank of New York on the day of maturity, or
- Debit to the account of the bank's client on day of maturity against funds cleared on, or prior to, such date.

The following banks were represented: National City Bank, Guaranty Trust Co., Equitable Trust Co., First National Bank, Chase National Bank, National Park Bank, Bank of Manhattan Co., Importers & Traders National Bank, Irving National Bank, Liberty National Bank, Central Union Trust Co., Columbia Trust Co., Bankers Trust Co., Corn Exchange National Bank, Browne Bros., Goldman, Sachs & Co.; P. J. Morgan & Co., Heidelberg Ickelheimer & Co., Bank of New York, U. S. Mortgage & Trust Co., National Bank of Commerce in New York; National Shawmut Bank, Boston, Mass.;

Old Colony Trust Co., Boston, Mass.; Merchants National Bank, Boston, Mass.; Bank of Pittsburgh, Pittsburgh, Pa.; First National Bank, Philadelphia, Pa.; Tradesmen's National Bank, Philadelphia, Pa.; American National Bank, Richmond, Va.

The meeting was held at the call of J. T. Cosby, vice-president, National City Bank; Albert Breton, vice-president, Guaranty Trust Co.; J. E. Rovensky, vice-president, National Bank of Commerce in New York.

NEW OFFICERS COMMERCIAL TRUST COMPANY, BUFFALO

At a monthly meeting of the board of directors of the Commercial Trust Company, Buffalo, William H. Hurley was elected vice-president in charge of the department of banks and bankers, and R. W. H. Campbell assistant secretary.

Mr. Hurley originally came from Texas, but was recently with the National Bank of the Republic, Chicago,



Widening your investment outlook

SERVICE TO BANKS

Through lack of a convenient source of national investment information, the outlook of many banks has been limited to purely local investments. Other banks for the same reason have confined themselves to a limited list of bonds and short-term notes.

By the aid of a thorough departmental organization, The National City Company is now ready to keep the banks of the country in close touch with the whole investment security market.

Under our form of organization each of the following departments has separate and specialized management:

<i>United States Government Department</i>	
<i>Foreign Government Department</i>	<i>Public Utility Department</i>
<i>State and Municipal Department</i>	<i>Industrial Department</i>
<i>Railroad Department</i>	<i>Acceptances</i>

Each department head is a recognized authority in his line. These departments have at their command what is probably the world's most comprehensive private digest of corporate affairs.

May not such expert service, offered through specialized departments with broad sources of information at hand, be of service to you in the analysis of specific securities in which you may be interested or in the balancing of your investment list?

We would be pleased to have you communicate with our nearest Correspondence Office to the end that this service may be made effective for you.

For our current list of investment securities, please write for FB-89

The National City Company National City Bank Building, New York

CORRESPONDENT OFFICES

ALBANY, N. Y.
Ten Eyck Bldg.
ATLANTA, GA.
Trust Co. of Ga. Bldg.
BALTIMORE, MD.
Munsey Bldg.
BOSTON, MASS.
10 State Street
BUFFALO, N. Y.
Marine Bank Bldg.
CHICAGO, ILL.
137 So. La Salle St.
CINCINNATI, OHIO
Fourth Natl. Bk. Bldg.
CLEVELAND, OHIO
Guardian Bldg.

DAYTON, OHIO
Mutual Home Bldg.
DENVER, COLO.
718 17th Street
DETROIT, MICH.
147 Griswold Street
HARTFORD, CONN.
Conn. Mutual Bldg.
INDIANAPOLIS, IND.
Fletcher Savings & Trust Bldg.
KANSAS CITY, MO.
Republic Bldg.
LOS ANGELES, CAL.
Hibernian Bldg.

MINNEAPOLIS, MINN.
McKnight Bldg.
NEWARK, N. J.
790 Broad St.
NEW ORLEANS, LA.
301 Baronne St.
PHILADELPHIA, PA.
1421 Chestnut Street
PITTSBURGH, PA.
Farmers Bank Bldg.
PORTLAND, ORE.
Railway Exchange Bldg.
PROVIDENCE, R. I.
Industrial Trust Bldg.
RICHMOND, VA.
1214 Mutual Bldg.

SAN FRANCISCO, CAL.
424 California St.
SEATTLE, WASH.
Hoge Bldg.
SPRINGFIELD, MASS.
3rd National Bank Bldg.
ST. LOUIS, MO.
Bk. of Commerce Bldg.
WASHINGTON, D. C.
741 15th St., N. W.
WILKES BARRE, PA.
Miner's Bank Bldg.

LONDON, E. C. 2 Eng.
36 Bishopsgate.

Bonds

Short Term Notes

Acceptances

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

H. MARTIN BROWN, President		
JOSHUA M. ADDEMAN	Vice-President	HENRY B. CONGDON . . . Secretary
JAMES M. SCOTT	Vice-President	J. CUNLIFFE BULLOCK . . Trust Officer
SAMUEL M. NICHOLSON	Vice-President	ELMER F. SEABURY . Assistant Treasurer
FLORRIMON M. HOWE	Vice-President	HARRY C. OWEN . Assistant Secretary
WARD E. SMITH	Treasurer	HENRY C. JACKSON . Assistant Secretary

and is well known in banking circles throughout the west.

Mr. Campbell joined the company about one and one-half years ago, and has been filling the position of assistant manager of the Black Rock branch. He was formerly assistant secretary and treasurer of the Rutherford Trust Company, of Rutherford, N. J., and was with that institution for seven years.

PHILADELPHIA NATIONAL INCREASES CAPITAL AND ABSORBS FARMERS AND MERCHANTS NATIONAL

The capital of the Philadelphia National Bank has been increased from \$1,500,000 to \$3,000,000 and the surplus from \$5,000,000 to \$7,000,000. Of this amount \$3,000,000 was obtained from the proceeds of 15,000 shares of new stock issued at \$200 a share, and \$500,000 was transferred from the undivided profits to surplus. This gives the bank \$10,000,000 capital and surplus instead of \$6,500,000, the previous figure.

Purchase of the building and assets of the Farmers and Mechanics National Bank has been made by the Philadelphia National. Howard W. Lewis, president of the Farmers and Mechanics National Bank, becomes vice-president of the Philadelphia National, while John Schlage, cashier, and G. H. Millett, assistant cashier of the merged bank, are to be assistant cashiers of the Philadelphia National Bank, which also takes over the employees of



LEVI L. RUE
President Philadelphia National Bank,
Philadelphia, Pa.

the bank it is absorbing. Recent statements of both banks are given herewith, showing their condition at the commencement of business on August 8:

PHILADELPHIA NATIONAL BANK

Loans	\$70,212,000
Cash and reserve	10,952,000
Exchanges for clearing house	3,743,000
Due from banks	29,546,000
Deposits	91,780,000

FARMERS AND MECHANICS NATIONAL BANK

Loans and investments.....	\$12,175,000
Due from banks.....	3,383,000
Exchanges for clearing house...	1,027,000
Cash and reserve.....	1,645,000
Deposits	13,441,000

This gives the Philadelphia National Bank total deposits above \$105,000,000.

NATIONAL SHAWMUT BANK'S ACCEPTANCE DIVISION

In order to extend the use of bank acceptances and to handle the work incident to this new form of banking credit, the National Shawmut Bank of Boston has established an acceptance division in connection with the foreign department.

This institution now publishes regularly each month a comparative statement showing in detail the foreign trade of the Port of Boston.

NEW CREDIT MANAGER, MERCHANTS NATIONAL OF BOSTON

John N. Eaton, who has until recently been manager of the Pawtucket branch of the Industrial Trust Co., Providence, R. I., has been made manager of the credit department of the Merchants National Bank, Boston, and has assumed his new duties. Mr. Eaton was formerly Boston representative of E. Naumburg & Co., commercial paper, and went to Pawtucket as assistant manager of the Rhode Island institution, in which work he was highly successful.

EDUCATIONAL WORK ON TRADE ACCEPTANCES

The educational work being carried on by banks in regard to a wider use of trade acceptances is interestingly discussed by John Bolinger, vice-president of the National Shawmut Bank, Boston, in an article published in the Boston "Commercial." He expresses the view that the argument in favor of the acceptance in place of the straight loan or open book account should be so conclusive to the banker that the missionary work for its general introduction should be undertaken by him.

B/L BANK of CHICAGO



Our officers desire to personally welcome at our bank visiting bankers in attendance at the American Bankers Association Convention, September 23rd to 28th. We will keep open house all week.

UNION TRUST COMPANY
CHICAGO

*Strictly a Commercial Bank
Established 1869*

CITY NATIONAL BANK TO REMODEL
BANKING QUARTERS

Active work has been commenced by Hoggson Brothers, the New York and Chicago builders, on the remodeling of the banking quarters of the City National Bank, Plainfield, N. J. Extensive alterations are called for by the contract, and by a scientific rearrangement of the present space ample accommodations will be afforded to meet the needs of the constantly increasing business of the bank.

The City National Bank was organized in 1875, and is a strong and progressive institution. It has a capital of \$150,000, and surplus and profits of over \$300,000. Its present officers are: Louis K. Hyde, president; Wm. P. Smith and Thomas J. Mumford, vice-presidents; A. E. Crone, cashier.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,235,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

UNION TRUST COMPANY OF BALTIMORE

The Union Trust Company of Baltimore has made George F. Randolph chairman of its board of directors. Mr. Randolph was formerly vice-president of the Baltimore & Ohio Railroad in charge of traffic, but more recently commissioner of railroads in classification territory. Mr. Randolph's connection with the Union Trust Company for many years as a director has given him a valuable knowledge of its affairs, as well as an understanding of the financial needs of the city.

NEW VICE-PRESIDENT OF SYRACUSE TRUST COMPANY

E. T. Eshelman, formerly treasurer of the Syracuse (N. Y.) Trust Company, has been elected vice-president, to fill the vacancy caused by the resignation of Harral S. Tenney. J. Holden Wilson, formerly secretary of the company, was made treasurer to succeed Mr. Eshelman; William Pelouze

Cutler, formerly assistant secretary and treasurer, was elected secretary in lieu of Mr. Wilson, and Tyler J. Britcher, heretofore auditor, was made assistant secretary and treasurer to succeed Mr. Cutler. Mr. Eshelman, the newly-elected vice-president, prior to entering the service of the Syracuse Trust Co. in October last, was connected with the New York State Banking Department as Chief Examiner in the western part of the state.

VICE-PRESIDENT BANK OF PITTSBURGH

Dr. J. T. Holdsworth, dean of the School of Economics of the University of Pittsburgh, was recently elected an active vice-president of the Bank of Pittsburgh, N. A. Dr. Holdsworth will have charge of a special department which the bank has created for developing new business in connection with domestic and foreign trade, particularly with reference to the utilization of trade and bank acceptances.

Alexander Dunbar, cashier of the

WM B JOYCE
PRESIDENT

THE WORLD'S LARGEST SURETY COMPANY
WE BOND MORE PEOPLE THAN ANY OTHER COMPANY IN THE WORLD



National Surety Company

CAPITAL AND SURPLUS OVER \$8,000,000.00

115 Broadway, New York.

TO BANKERS AND MERCHANTS :

You are required by the conditions of the times to pay out money more freely than ever before. Under such circumstances it becomes of the greatest importance that you should have some sure reliance against loss by reason of alterations in names of payees and the amounts indicated in the checks daily presented at your counters for payment--a protection greater than that which any purely mechanical device, however ingenious, can possibly afford.

Such protection is assured through the Check Alteration Bond issued by the National Surety Company--''the World's largest surety company.'' This constitutes, in fact, the only known form of protection which covers all features of check alteration. This bond is very simple in form, but covers every point.

A letter to the undersigned will bring full details as to the plan and the cost, which is exceedingly moderate.

Yours for safer banking,

President.

SEND YOUR BUSINESS

ON THE

Twin Cities AND THE Northwest

TO THE

**CAPITAL AND SURPLUS
TEN MILLION DOLLARS**

*We are prepared to meet your most exacting
requirements and cordially invite you to write to us*



Bank of Pittsburgh, N. A., has been elected vice-president as well, retaining his position as cashier.

E. M. Seibert, heretofore first assistant cashier, is also a new vice-president.

SOLDIERS' EMPLOYMENT BUREAU

For the benefit of soldiers who may become disabled in their country's service, the Farmers and Merchants Bank of Greenville, South Carolina, has organized an employment bureau. The object of this club is to assist such soldiers who may return to Greenville county in securing positions wherein they may be useful, hopeful and happy. President Robert I. Woodside writes that the bank's services are free both to soldiers and employers.

WACHOVIA BANK AND TRUST COMPANY COMPANY, WINSTON-SALEM, N. C.

The treasurer of the Wachovia Bank and Trust Company, Winston-Salem, N. C., is president of the North Carolina Bankers Association and the youngest executive that organization has ever had. He is also a member of the North Carolina State Senate and chairman of the finance committee of that body.

Mr. Gray is the son of James A. Gray, former president of the Wachovia National Bank, Winston-Salem, N. C., and vice-president of the Wachovia Bank and Trust Company, the institution succeeding the former. From his able and successful father, Mr.

Gray early learned the principles of good banking. In the summer seasons between the years of his collegiate training at the University of North



JAMES A. GRAY

Treasurer Wachovia Bank and Trust Company,
Winston Salem, N. C.

Carolina, of which he is now a trustee, James A. Gray, Jr., worked in the various departments of the Wachovia National Bank, becoming familiar

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000
Surplus, \$2,500,000 Resources, \$41,096,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

with every phase of the work of a typical southern bank.

After his graduation from the University of North Carolina in 1908, Mr. Gray became manager of the savings department of the Wachovia National Bank. He visited the leading banks in the cities of the North, where he made a study of savings bank methods. On his return he put a new impetus into this department of the Wachovia National, and continued his work successfully until the consolidation of the Wachovia National with the Wachovia Loan and Trust Company. He then became assistant treasurer of the new organization, the Wachovia Bank and Trust Company. This consolidation occurred on January 1, 1911, bringing two unusually successful institutions together as the Wachovia Bank and Trust Company, which has become one of the leading trust companies of the South.

In January, 1915, Mr. Gray was elected treasurer of the Wachovia Bank and Trust Company. On June 15 of

that year the total deposits of the institution had grown to \$6,773,869.02. Mr. Gray's contribution to this development had been very considerable during his assistant treasurership. When he became treasurer his sphere of usefulness was appreciably broadened, and the effects of his good work have been constantly felt. On June 15, 1916, the total deposits were \$8,370,260.45. One year later they were \$10,231,923.96. On June 15, 1918, they were \$13,296,166.68.

By encouraging home industries, by taking an active interest in the welfare of local business both large and small, by being a friend to every man who comes into his business life—a friend who can say "No" with the same manliness and convincing judgment that brings forth his "Yes"—James A. Gray, Jr., has put the best of his enthusiasm and energy into this remarkable growth of 320 per cent. since the organization of the institution of which he is treasurer.



"Has He Made Good at Home?"

Every stranger seeking to establish business relations with you must show that he has made good at home; must prove that he has the confidence of those people who have known him longest and most intimately.

If this bank, in soliciting your business, comes as a stranger, we should be put to the test. Do we pass it successfully in pointing out that more than one-fourth of all the banks in our Federal Reserve District carry accounts with us?

The National Bank of Commerce

IN ST. LOUIS

Resources, over \$85,000,000.00

BANK TO MODERNIZE ITS BANKING ROOM

Work has been commenced by Hoggson Brothers, the Atlanta and New York builders, on remodelling the banking-room of the Farmers and Merchants National Bank, Winchester, Va. When completed the bank will have attractive quarters with up-to-date equipment which will enable it to efficiently handle its rapidly expanding business, which has demanded increased space at this time.

The Farmers and Merchants National Bank was organized in 1902, and has a capital of \$200,000 with surplus and profits of \$110,000. Its present officers are: W. P. McGuire, president; John Keating, vice-president; H. D. Fuller, vice-president and cashier, and H. M. Sartell, assistant cashier.

FOUNDED UPON A ROCK

In a statement signed by President John H. Frye, the Traders National

Bank, Birmingham, Ala., compares its policy to that of the man who built his house upon a rock, and says:

A business enterprise, like a house, should not be built for fair weather only; its strength is determined by its ability to stand storms, and they are pretty certain to come.

This bank has been in business fourteen years, in which there have been varied business conditions, including a period of great prosperity, the panic year of 1907, and the past four years of war. In these fourteen years we have loaned, in round figures, twenty-six million dollars. And losses have been less than fifty cents on each thousand dollars of paper taken, or one-twentieth of one per cent.

Commencing with a capital of one hundred thousand, our resources are now in excess of two and a half million dollars. Like the man in the parable, we have endeavored to build on a solid foundation; and at the end of fourteen years of public service, we pledge ourselves anew to an adherence to that policy.

DOMINION NATIONAL BANK CHANGES

J. G. Fry has resigned the position of vice-president and cashier of the

Bankers, Are You Prepared?

From now until the first of next March your customers will be anxiously inquiring for information about the new Income Tax and will be asking for copies of the new War Revenue Law.

Are you prepared to supply their wants?

As you know, this is the most important revenue law ever passed in this or any other country and practically every one of your depositors will be required to pay taxes in one or more forms under its provisions.

We are issuing this law in an attractive pamphlet, 6x9, with marginal headings and a complete cross index to all provisions of the law and all forms of taxes, including individual, partnership, and corporation taxes, surtaxes, war excess profits taxes, stamp taxes, and the levy on automobiles, motor boats, theatre tickets, jewelry and other articles, all arranged so that information as to these taxes can be quickly and easily obtained.

In addition to the text of the law the pamphlet will contain a careful Digest, explaining and simplifying the bill, so that anyone interested can readily find the information desired. This Digest is being prepared by one of the most competent authorities in New York.

The imprint of your Bank will be printed on the front cover without cost and on orders of 1000 or over we will print your special advertising on the outside covers, as desired, without extra charge.

Orders will be filled in the order of their receipt.

Write or wire us at our expense for sample copies, prices, etc.

The Bankers Publishing Co.

253 Broadway, New York

In its Twenty-eighth Year
Resources Thirty-five Millions
Seven strong Trust, Investment, Real Estate
and Banking Departments
A State Institution with Federal Reserve
Membership
Ready to render Efficient Service in St.
Louis and the Southwest

Mississippi Valley Trust Co.

ST. LOUIS

Dominion National Bank of Bristol, Virginia-Tennessee, and A. P. Moore has been appointed to fill his place. H. E. Moore, president, will remain in active service as head of the loan and executive committees, dictating the general policy of the bank's affairs. The bank has a capital of \$150,000, surplus and profits of \$53,748, deposits of \$1,429,783, and total resources of \$1,822,031.

TWENTY-FIFTH ANNIVERSARY

Commemorating its twenty-fifth anniversary, which was reached on June 13 last, the Wachovia Bank and Trust Company of Winston-Salem, N. C., has issued an illustrated pamphlet containing a sketch of the company's history. This institution grew out of a consolidation of the Wachovia National Bank, chartered in 1879, and the Wachovia Loan and Trust Company, organized in 1893. An evidence of the institution's growth may be seen in the ac-

companying statement of deposits on the dates named:

June 15, 1911.....	\$ 4,150,590.17
June 15, 1913.....	6,589,297.25
June 15, 1916.....	8,370,260.43
June 15, 1917.....	10,231,923.96
June 15, 1918.....	13,296,166.68

For the year ending June 15, 1918, alone the increase in deposits was \$3,064,242.72. This growth has resulted in making the Wachovia Bank and Trust Company the largest financial institution of the Carolinas.

Besides the head office at Winston-Salem there are branches at Asheville, Salisbury and High Point. Present officers of the Wachovia Bank and Trust Company today are: Colonel F. H. Fries, president; James A. Gray, vice-president; H. F. Shaffner, vice-president; T. S. Morrison, vice-president; A. H. Eller, secretary and trust officer; James A. Gray, Jr., treasurer; C. T. Leinbach, assistant treasurer.

The directors are: W. T. Brown, president Union Guano Co., Division

Sales Manager Virginia-Carolina Chemical Co.; H. G. Chatham, president Chatham Mfg. Co. and Iverness Mills Co.; L. H. Clement, attorney-at-law; F. H. Fries, president; H. E. Fries, president Winston-Salem South-bound Railroad Co.

The pamphlet from which the foregoing information was taken contains an illustration of the company's fine building now under construction and which it is expected to complete next year.

CHARLESTON BANK DROPS GERMAN NAME

The Germania National Bank and the Germania Savings Bank, an affiliated institution at Charleston, S. C., have through their directors agreed upon a new name for the two corporations, after voting to drop the name "Germania" from their title, and have decided upon the Atlantic National Bank and the Atlantic Savings Bank.



J. W. WOOLF

Cashier First National Bank, Mobile, Ala.

Do You Believe

in Moving
Picture
Advertising?

If so, get our
proposition

We manu-
facture and
sell direct
to Banks



Your local theatre will be glad to co-operate with you because these films are as good as those shown for its regular program.

Our original Bank Films get results

You can judge for yourself before ordering if you have us send samples

Rothacker
FILM MFG. CO. CHICAGO, ILL.
1339-51
Diversey Parkway

NEW CASHIER FIRST NATIONAL BANK OF MOBILE

Junius W. Woolf, heretofore assistant cashier of the First National Bank of Mobile, Ala., has been elected cashier to succeed the late Charles D. Willoughby. Mr. Woolf entered the employ of the First National Bank in 1885. At that time he was just out of school. His work impressed his employers from the beginning, therefore his promotions came always at the first opportunity to reward faithful and conscientious service. Mr. Woolf had been assistant cashier since 1909.

BANKER IN GOVERNMENT SERVICE

Robert R. Forgan, vice-president of the National City Bank of Chicago, has again been loaned by his bank to the government.

Mr. Forgan is handling work in con-

DJÖRUP & McARDLE

Bank, Commercial, and Foreign
Exchange Audits and Systems

42 BROADWAY

NEW YORK

nection with the War Credits Board at Washington. He was connected with this same board last spring.

ANNUAL CROP AND BUSINESS REVIEW

An advance sheet has been issued summarizing the annual crop report and business review issued by the Continental and Commercial National Bank of Chicago. It says:

American farmers have made prodigious efforts to maintain agricultural production since the great war commenced, and their efforts in an increased acreage has offset the drought conditions and other crop impairments. The estimate of important products in 1914 aggregated 312,000,000 acres; the estimate this year is 360,000,000 acres, an increase of 15 per cent. This increase is marvelous considering the heavy drain upon farm labor by the attractive wages of the industrial centers, and the calling of the young men to the colors in the past year.

General business is exceedingly active and prosperous and the outlook is encouraging. The spirit of co-operation in the undertaking that confronts the Government, in con-

junction with its allies in prosecuting the war against the Central Powers, is the most reassuring feature in the present situation. While there is much to be done in the way of conversion of plant capacity, and individual and corporate energies and facilities from non-essential to essential war production, yet the progress that has been made in the first year of the participation of the United States in the war is simply remarkable. An indication of this is found in the safely landing of an army of upwards of one million men in France, to assist the Allies on the fighting front, and in the effective work that this American Expeditionary Force is now doing, together with the mobilization of a much larger army preparatory to embarkation.

Business, all things considered, is sound. Here and there are spotted conditions resulting from factors growing out of the war, such as priority shipments, inadequate transportation, restrictions in the use of raw materials, shortage of labor and the time required to adapt available plant capacity to war production.

Never has labor in this country been as well paid and as prosperous as at the present moment. This in itself has contributed enormously to the buying power in the retail trade and has tended to steady the retail markets which naturally would be affected by the restrictions on non-essential production. In those districts where there are munition plants or where manufacturers are engaged on war contracts, the buying of luxuries is very active, but this is offset in its effect on trade generally, in a measure, by the economy being practiced in other sections not so fortunately situated.

Necessarily this tends towards the absorption of the surplus products of the so-called non-essential industries, and when the time comes for a more general practice of economy and thrift in this country, the effect of the readjustment probably will be less disturbing as a result of the exercise of this buying power by those who have experienced a sudden increase in income.

Speaking broadly, the testimony of practical business men is that the country is in a strong position for war time. The

United States Corporation Company

65 CEDAR STREET
NEW YORK CITY

ACTS AS

Transfer Agent and Registrar

FURNISHES

Principal Offices for Corporations in all
States and the Canadian Provinces

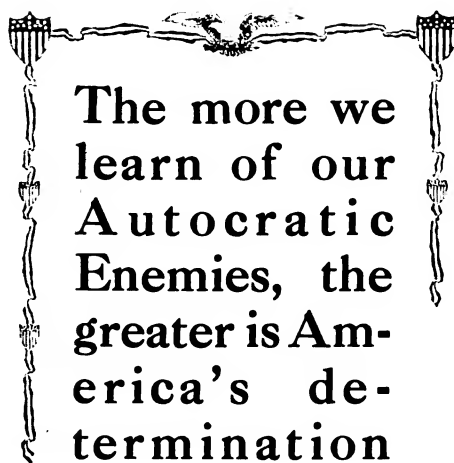
banking situation is sound, credits are being well handled and collections are universally good; business men are seeking to keep their affairs as liquid as possible; stocks of merchandise, which a year ago were fairly well in hand, have not been increased to an extent that is menacing and such increase as is in evidence is to fortify against delayed deliveries of new supplies. There is in evidence a determination on the part of the individual to bend his efforts to co-operate in the work of winning the war. Whatever difference of opinion existed a year ago has disappeared. Never in the history of this country, in time of war, has there been such a united nation as at present.

VIRGIL HARRIS RETURNS TO BANK BUSINESS

Virgil Harris, who in June resigned the position of trust officer of the Mercantile Trust Company of St. Louis, and came east on a trip for rest, will head the new trust department of the National Bank of Commerce of St. Louis. The new department will be quartered in the building adjoining the National Bank of Commerce building. The Liberty Loan and war stamps departments of the bank will also be quartered in the remodeled addition, and also the savings department. The new trust officer of the National Bank of Commerce was born in Columbia, Missouri, in 1862, and was educated at Kemper College and Missouri University. He studied law in the Virginia University and the St. Louis University, and practiced law in St. Louis from 1881 to 1901, when he was appointed trust officer of the Mercantile Trust Company. He is the author of a book on ancient and curious wills.

APPOINTMENT OF FEDERAL RESERVE SECRETARY

The St. Louis Federal Reserve Bank and the District Committee on Capital Issues of Federal Reserve District No. 8, through William McC. Martin, chairman of both organizations, have appointed L. A. Wilson secretary of the committee. Mr. Wilson is a lawyer and banker. He was formerly president of the Oklahoma Bankers Associa-



The more we
learn of our
Autocratic
Enemies, the
greater is Amer-
ica's de-
termination
to maintain
Democracy

Collins
Publicity
Service
Philadelphia

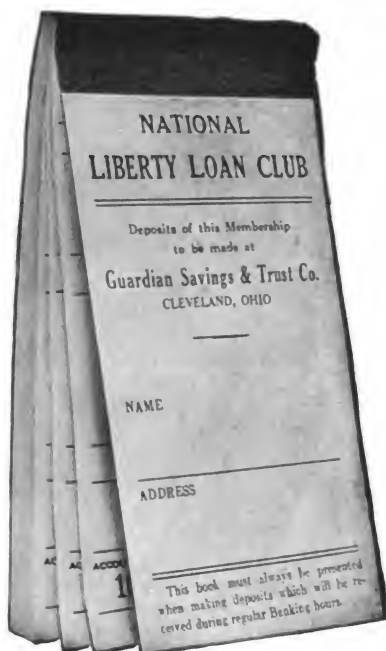
tion, a member of the Executive Council of the American Bankers Association, and a director of the Federal Reserve Bank of Kansas City. The headquarters of the District Committee on Capital Issues of District No. 8 are at the St. Louis Federal Reserve Bank.

ARTISTIC AND VALUABLE ADVERTISING

A handsome portfolio, the leaves of which are of cardboard, on which are pasted various advertising designs used during the week of opening its new building, has been sent out by the Mercantile Trust Company of St. Louis. It shows up in every way worthy of the big institution which published it.

ADDITION TO NATIONAL BANK OF COM- MERCE IN ST. LOUIS

Two events were recently celebrated by the National Bank of Commerce in



***For Your
Liberty
Loan
Partial
Payments
or
Christmas Club***

The Barkley Plan

(PATENTED OCT. 24, 1916)

The Barkley plan is the *fastest* because with a single motion your teller can receipt the coupon stub which is the depositors record of payment and date the coupon which is torn out and becomes your record. At a convenient time the coupons are posted to the printed ledger cards by rubber stamp.

The Barkley plan is *safest* because it is impossible to have the customers record differ from the banks record, both records being made with the same motion.

Safety is always an element in all forms of bank accounting. Not only protection against mistakes but also protection against misappropriation of funds. Therefore Speed and Safety are the elements sought in a good System.

The following well known concerns are licensed to sell Coupon Books under the Barkley Patent described on opposite page. Orders for the Fourth Liberty Loan should be placed immediately.

The Christmas Club,
303 Hudson St., N. Y.

Harvey Blodgett Co.,
31 Nassau St., N. Y.

Leavenworth Bank Service Co.,
Caxton Bldg., Cleveland, O.

American Savings Club Co.,
Harrisburg, Pa.

Pin Money Club,
Belhaven, No. Car.

The Bankers Service Corporation,
258 Broadway, N. Y.



Soldier Hat Bank

The most unique Novelty Savings Bank ever produced. Holds all coins up to a quarter. Beautifully finished in oxidized copper. An exact reproduction of our soldier boy's hat

Name plate on etched brass.
Coins are inserted from the bottom.

Sample sent to bank officers upon request.

For information write
Stronghart Co.
1516 Wabash Ave., Chicago

St. Louis—the opening of a new addition on the first floor of the old “Post-Dispatch” building, and the third anniversary of the presidency of John G. Lonsdale.

In this connection it is to be noted that the three buildings on the east side of Broadway, between Olive and Pine streets, connected and under one roof, contain six banks: the National Bank of Commerce, the Federal Reserve Bank, the Mortgage Trust Company, the Federal Land Bank, and the National City Company and the National City Bank of New York—whose total resources are more than \$1,000,000,000, constituting the first “billion-dollar block” in St. Louis.

The new building will be known as the Commerce Trust building. The bank floor is finished in marble in simple lines and contains 6,000 square feet of floor space, almost doubling the bank floor capacity.

The resources of the National Bank of Commerce have increased more than \$25,000,000 since President Lonsdale took office, and it is the largest bank in the Eighth Federal Reserve District.

FARM MORTGAGE BANKERS ASSOCIATION OF AMERICA

To avoid interference with the Fourth Liberty Loan campaign, in which members will all actively participate, the National Convention of the Farm Mortgage Bankers Association of

America will be held two weeks earlier than originally intended.

The convention will be held September 17, 18 and 19, Tuesday, Wednesday and Thursday, at Kansas City, Mo., instead of October 1, 2 and 3.

INDIANAPOLIS NEVER SO PROSPEROUS AS NOW

The last four national bank statements, December 31, March 4, May 10 and June 29, make a showing for Indianapolis which is really significant. Despite the withdrawal in that time of more than \$30,000,000 for the Third Liberty Loan, excess profits and other taxes, the increase in deposits of the Indianapolis national banks from December 31 to June 29 amounts to over \$6,000,000 and the resources show an increase of more than \$5,000,000. Volney T. Malott, chairman of the board of directors of the Industrial National Bank of Indianapolis, in commenting on the conditions back of this showing, said:

There is no question that our city and section was never as prosperous as now. Disbursements for wages are greater than ever before and the increases by no means have been absorbed by the higher cost of living.

The result shows in deposits and in general condition not only of the manufacturer and the worker, but the merchant and in every department of our municipal activity. The withdrawal of funds due to other banks and bankers between the March and May calls was due in part to farming and live

***How the Allies lost Constantinople—
Ambassador Morgenthau's amazing
story of the greatest blunder of the
war.***

***Henry Ford tells why he wants to go to the
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World's Work

The subscription price will be advanced to \$4.00 a year on September 10th. Until then you may subscribe for one or two years at \$3.00 a year. The price per copy is 35c. It is expected that Federal regulations will put magazines on a non-returnable basis, restricting their distribution. This offer gives you an opportunity to subscribe to the WORLD'S WORK at the old rate and thus make sure of it for a year or two. It is one of the few essential magazines for these times. The new rates are effective in a few days—use the convenient coupon or write a letter, if you would take advantage of the \$3.00 rate.

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stock operations, and in part to the change of policy favorable to State banks and trust companies by the Federal Reserve Bank. All of this money will come back when the wheat is threshed and sold.

I believe the crop figures will show 50,000,000 bushels of wheat alone in Indiana and that the return will be approximately \$70,000,000. In normal years 18,000,000 bushels of the total has been needed for consumption within the State and for seed. This year the later requirement may be larger in anticipation of increased acreage next year, but the item of domestic needs will be considerably reduced by the regulation of the food administration.

DOUBLE CAPITAL APPROVED

The approval of the plan of the United Banking and Savings Company of Cleveland to double its capital to \$1,000,000 has been made by the company's shareholders, and a sixty per cent stock dividend has been declared. The cash dividend this month was three per cent., an extra dividend of two per cent. being added at this time to the usual monthly one per cent. Of the new stock forty per cent. will be sold to customers at 200. The latest price recorded on the Cleveland Stock Exchange, before the stock dividend was made, was \$300 a share.

With deposits of about \$8,000,000, the United Banking and Saving Corporation is the largest bank on the West Side. Its prosperity may be seen from the fact that a stockholder who bought thirty-two years ago, when the bank was founded, and who sold this year at 300 would have received \$900

for every \$50 he put in and this excludes consideration of the many regular and usual extra cash dividends, also the present stock dividend.

WANT DAILY REPORTS

The Cleveland Clearing-House Association is about to take under consideration a plan framed by Secretary George A. Kelsey for making daily reports to the public of total bank transactions as well as bank clearings. Mr. Kelsey is a strong believer in total bank transactions as surer index to trade volume than clearings, especially when the clearings are compiled on the lines adopted in so many cities.

RESERVE BANK TO EXTEND MEMBERSHIP

The Federal Reserve Bank of Minneapolis, through John H. Rich, Federal Reserve Agent, has announced a campaign for membership among the state banks of Ninth District. There are 607 of these institutions, with total resources of \$73,000,000. Some of the larger state banks, including those of St. Paul and Minneapolis, are now members of the Reserve System.

ON THE NORTHWESTERN NATIONAL BOARD

John Leslie, a wholesale paper dealer of Minneapolis, has been elected a director of the Northwestern National Bank, of Minneapolis.



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OLDEST BANK JOINS FEDERAL RESERVE

The oldest incorporated bank in Minnesota, the Lake City Bank of Lake City, has been admitted to membership in the Federal Reserve System.

FOND DU LAC NATIONAL BANK MERGES WITH FIRST NATIONAL

Advice received from Ernest J. Perry, president of the First National Bank, Fond du Lac, Wis., contains the information that the Fond du Lac National has consolidated with this institution under the title of First-Fond du Lac National Bank.

The new organization becomes the successor of the First National Bank as well as of the Fond du Lac National Bank and will be operated under the charter of the former, which dates back to 1855, making this the sixty-fourth year of its existence, thus giving it prestige as one of the oldest banking institutions in Wisconsin.

The First-Fond du Lac National

Bank begins business with a capital of \$100,000 and surplus and undivided profits of \$200,000, giving it a total capital, surplus and undivided profits of \$600,000. Its deposits as shown by the last statement of the two banks on June 20 are \$3,873,975.57.

This makes the new institution one of the strongest banks in the state outside of Milwaukee and by reason of its greater loaning power it will be of larger service to the business interests of the city.

Under the plans as they have been worked out the First-Fond du Lac National Bank will be officered as follows:

President—Ernest J. Perry.

Chairman of the Board—G. A. Knapp.

Vice-president—F. J. Rueping.

Vice-president—T. C. Ebernau.

Cashier—C. J. Breitzman.

Assistant cashier—J. L. Gormican.

Assistant cashier—Charles Hotaling.

Directors—T. E. Ahern, T. L. Doyle,

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G. W. Earle, J. C. Harcum, J. M. Hill, E. D. Jones, G. A. Knapp, C. H. McMillan, H. W. Moore, Ernest J. Perry, Chris Pickert, F. J. Rueping, W. H. Rueping, Frank Schujahn, E. G. Vail, W. W. Wild, L. A. Williams.

Owing to the shortage of help created by reason of the selective draft both banks have been operating short-handed for some time. As a result both organizations will be retained in their entirety. In fact it will be possible for the customers of either of the old banks to still transact business with the persons with whom they have been accustomed to transact business in the past.

The new bank will be housed in the building now occupied by the Fond du Lac National Bank. A suite of executive offices is now being built on the north side of the lobby of that institution and other necessary changes are being made to quarter the combined working forces of the consolidated banks.

The consolidation of the First National Bank and the Fond du Lac National Bank brings together two of the oldest and most favorably known financial institutions in Wisconsin. The former is in its 64th year, the latter in its 32d year. Both have grown steadily and have been important factors in the business development of this section of the state; both have been sanely and conservatively managed and in their joint organization and increased strength will be able to render the community a still larger service in the future.

Many of the leading business men of Fond du Lac have been officially identified with the two banks that are thus joining their forces in the new organization, but there are four who have had an especial prominence in their affairs. They are J. B. Perry, for many years president and now chairman of the board of the First National; Ernest J. Perry, president of the First National; G. A. Knapp, president of the Fond du Lac National and F. J. Rueping, vice-president of the Fond du Lac National. Mr. J. B. Perry is the Nestor of the Fond du Lac bankers. His connection with the First National dates from its organization. In fact, he became identified with the First National's predecessor with the Bank of the Northwest at the time of its organization in 1855 and has continued that connection up to the present time, being now chairman of the board, thus having seen more than sixty-three years of banking service. Mr. G. A. Knapp, president of the Fond du Lac National, was one of the founders of that institution. Mr. Ernest J. Perry, president of the First National, has seen twenty-seven years of continuous service in that bank. Mr. F. J. Rueping succeeded his father, the late Frederick Rueping, one of the founders of the Fond du Lac National, as a member of the directorate of that institution, and later became vice-president.

It is of interest to note that one of the banks in the consolidation is Fond du Lac's oldest financial institution. The Bank of the Northwest was organ-

ized in 1855 by Edward Pier, B. F. Moore, A. G. Ruggles and S. E. Lefferts. The first officers were B. F. Moore, president; A. G. Ruggles, cashier. Ten years later it was nationalized. The first officers under the new organization were Edward Pier, president; B. F. Moore, vice-president, and A. G. Ruggles, cashier.

The Fond du Lac National Bank, the younger of the two institutions consolidated, was founded in 1887. The original officers of the bank were C. A. Galoway, president; Frederick Rueping, vice-president; G. A. Knapp, cashier; L. Muentner, assistant cashier.

NEW TRUST AND SAVINGS BANK IN ST. PAUL

The new Midland Trust and Savings Bank of St. Paul has opened for business in the quarters just completed at Fourth and Wabasha streets. The officers of the institution are: H. W. Strickler, president; H. M. Strickler, first vice-president; Max Hendrick, J. C. Kirkpatrick, W. I. Price and H. L. Thornburg, vice-presidents; E. M. Mortensen, secretary; Gilbert Guttersen, treasurer; A. H. Reinhard, cashier; H. A. Sorlein, assistant cashier; E. M. Schneider, assistant treasurer; H. W. Benton, general counsel.

INVESTMENT BANKERS CONVENTION

The Investment Bankers Association of America will hold its seventh annual convention at St. Louis on November 18, 19 and 20. This was decided upon at a recent conference, at which were present Warren S. Hayden, president of the association; Frederick R. Fenton, secretary; William E. Compton and the local convention committee of St. Louis.

SPEAKERS FOR A. I. B. CONVENTION

Plans for the annual convention of the American Institute of Banking, to be held at Denver on September 17, 18 and 19, are taking final shape. The programme of the convention is being completed by President R. S. Hecht,

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who is securing for his list of speakers bankers from various parts of the United States, who have established themselves as leaders in the banking field.

Among those whose names have already been announced as having a place on the programme are J. H. Puelicher, vice-president Marshall & Ilsley Bank, Milwaukee; Joseph Chapman, vice-president Northwestern National Bank, Minneapolis, and John Rovensky, vice-president National Bank of Commerce in New York. These three well-known bankers are A. I. B. "products," and their presence is expected to add greatly to the interest of the convention.

Professor E. W. Kemmerer of Princeton University is to speak on the subject of "War and the Interest Rate," and there are to be several other addresses in which the financial aspects of the war will be discussed.

CONDITIONS IN CALIFORNIA

Reviewing the business situation in California the Anglo and London Paris National Bank, San Francisco, says:

The crops of the State are likely to make a high record in value but not in tonnage. The citrus crop for the year beginning November 1 promises well in spite of rather serious injury to the northern crop by a heat wave in June. The farm labor situation, although strained, has not become acute and with the aid of youths and women for handling the lighter work, and of Mexicans for the beet and cotton harvest, we shall apparently get through with little or no loss of crops. As was expected from the failure of winter rains to soak the

ground to the usual depth and the lack of a normal snowfall on the Sierras there is developing a scarcity of water for power and for late irrigation which may reduce the yield of the late maturing crops, especially of rice, and which is causing much anxiety and expense to stockmen. The forage crops of the State are not sufficient to adequately provide for our animals, and stock must be moved out or feed brought in. All our mining industries are active except gold mining in the least profitable mines, some of which have closed down because it was taking more gold to operate the mines than could be got by their operation. The shipbuilding and allied industries are working at high pressure in this State as elsewhere and the phenomenal movement of troops and supplies to the war zones is evidence of the success of our shipbuilding program. The draft of war industries on the metal supply is making it increasingly difficult to carry on many ordinary industries and even the manufacturers of agricultural implements suffer severely. The commerce of this port is steadily increasing as the shipping situation begins to ease up and many eastern firms are establishing agencies here. There is a strong movement which promises success for greatly increasing the mechanical and storage facilities for handling cargoes at this port.

SAN FRANCISCO BANK CHANGES NAME.

In conformity with the action of its directors and shareholders, and by virtue of official authority, the name of the German Savings and Loan Society has been changed to the San Francisco Savings and Loan Society.

As per the one hundred and first half-yearly report, June 29, 1918, this institution had deposits of \$55,775,507. Its capital is \$1,000,000, the reserve fund \$2,200,000, and contingent fund, \$86,030.

AN EXPERIMENT IN FARM FINANCING

According to the "Financial Letter" of the American National Bank of San Francisco an interesting experiment in financing small farmers who lack money or bank credit is being tried out in Stanislaus county, in that state, where a fund of \$100,000 has been underwritten by responsible citizens. This fund will be loaned in small sums to deserving persons, whose notes, with the guaranty of the underwriters, can be cashed at local banks and rediscounted at the Federal Reserve Bank. By this means it is hoped to increase by some 5,000 acres the area of cultivated land. The plan is somewhat similar to that worked out in New York State last year, with surprisingly beneficial results.

CANADA'S GROWTH AND ACHIEVEMENTS

Under this head the American Foreign Bank Corporation of New York, in a recent letter, says:

Business men of the United States have a tendency to underestimate the commercial and financial importance of their northern neighbor, who but for war conditions would rank second in our list of customers. Canada last year imported from this country goods to the value of \$828,887,573, according to the records of the Dominion Government. The total was actually much larger, for not all goods went through the customs. There must also be added the large sums paid in interest on federal, provincial, municipal, industrial and private corporation loans and the expenditures of Canadian tourists. A competent observer expresses the opinion that Canada is our customer to a total of more than one billion dollars a year.

Canada's importance is further revealed by the fact that in ten months of the fiscal year 1917-1918 her war exports totaled above a billion dollars, \$642,858,700 being the value of war materials and \$438,904,400 the value of foodstuffs exported.

Her development in the war years, particularly in industrial lines, has been properly described as a wonderful achievement. Her organization and power must be maintained and increased, and there is need and opportunity at this time for the United States to aid her in sustaining them. Her credit is, of course, unquestioned. There is present need of further financing by the Dominion Government, and the United States should respond by a loan of \$100,000,000 or more, on a basis similar

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finish
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to the methods followed in assisting her other Allies.

PRESIDENT HINSCH ON TRADE ACCEPTANCES

President Hinsch of the American Bankers Association recently had the following to say on trade acceptances:

A well known authority has called attention to the fact that "The Use of Trade Acceptances" at this time is an act of patriotism, and every loyal merchant in the country should, consequently, at once adopt this method of paying his bills, and every loyal merchant or debtor would, we are sure, institute this change if he only understood the importance to the country of doing so. The object to be attained, then, is to make the merchants, far and wide, understand this thing, and the people to carry on the education and put it through quickly are the country bankers. They are the ones who must be aroused to the vital importance of introducing this reform.

If the credits arising from the sale of goods in this country could be thus turned practically into cash, the sum of the whole amount which is now locked up in unusable form would foot up in the billions.

The Soldier Hat Bank

WAR times and military accoutrements of various kinds were bound to offer many ideas that could be practically utilized in advertising. One of these devices is the Soldier Hat Bank. It connects the war very appropriately with the idea of saving. The Soldier Hat Bank is made of high quality material, beautifully burnished, and finished in brown khaki. The band is gold and silver wire. The bottom of the hat has a plate which closes the open surface, thereby making a bank, which can be opened with a key.

A number of prominent banking institutions in the United States have recently begun using this device to stimulate savings.

Any institution interested may obtain a sample of the Soldier Hat from the Stronghart Co., Chicago.



Helping Liberty Bond Sales

PAPIER MACHE advertising and decorative designs are playing an important part in furthering a successful ending of the war. Thousands of windows have been attractively decorated—banks have been ornamented and many patriotic floats made of appropriate designs reproduced in papier mache.

Many special designs in shields, eagles, Liberty Bells, as well as figures of Uncle Sam, Columbia and the Statue of Liberty, have been made to help the sales of Liberty Bonds of the different issues as well as War Savings Stamps.

When government orders were issued to the public asking their co-operation by using their windows to help put over the Third Liberty Loan these creations were found to be ideal, as they were light in weight as well as indestructible, hand-painted in bright colors and practical for repeated use as occasion requires.

One of the most striking of these

devices is a ten-foot reproduction of Uncle Sam in colors, placed in front of the banks and pointing to the doorway. Patriotic publicity of this kind has proved very effective.

These figures may be secured from the Old King Cole Papier Mache Company, Canton, Ohio.



Useful to Banks

PENCILS constitute an important feature of bank equipment, and it is important that these adjuncts of banking should be of the highest quality, possessing special adaptability for this grade of work. It is claimed that the Venus Pencil, manufactured by the American Lead Pencil Co., 220 Fifth avenue, New York, perfectly meets the exacting requirements of banks. The silky smoothness of the lead is unsurpassed and the remarkable durability of the point saves frequent sharpening. Specially toughened, the lead does not crumble or break easily.

No. 165 medium is excellent for general use, and for signing, correcting and writing letters that are to be copied. For manifold invoicing and duplicating No. 168 hard is recommended. Writes black and copies an indelible purple. Five clear press copies from one writing.

Having a distinctive water mark finish, Venus pencils can be distinguished instantly. They are of the finest materials, with the highest grade workmanship, and being manufactured by accurate and scientific processes, they satisfy every requirement, no matter how exacting it may be. They are guaranteed never to vary.

Not only are Venus pencils specially suitable for bank work, but they are manufactured with a view to their employment in mechanical drafting for engineers, draftsmen, mechanics and students and for use in schools and shops.

For over ten years this make of pencils has been internationally famous for its superb qualities.





ROMULO S. NAON
Argentine Ambassador to the United States

[See biographical sketch, page 381]

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

OCTOBER 1918

VOLUME XCVII, NO. 4

Weighed in the Balances

Thou art weighed in the balances, and art found wanting.

—*Book of Daniel.*

A GAINST the German Empire as a political entity civilization has pronounced a verdict of guilty of crimes of such heinous character as to demand the most extreme form of punishment. Public opinion has already sentenced the German Empire to extinction, and that sentence is in process of being carried out on the battlefields of Europe. The day draws near when this decree shall be fully executed, and the German Empire will be no more than a horrible memory. Its history will for ages constitute the foulest blot upon the annals of modern times.

The German Empire was founded on fraud and built up for a time on a basis of robbery and spoliation. From helpless Denmark it filched provinces, made war upon Austria, its present vassal, started war upon France as a result of Bismarck's forgery, and with the loot obtained from this enterprise entered upon that course of military aggression by which it hoped to obtain world domination.

What Germany has done in the present war the whole world knows only too well.

An individual who deliberately kills a single human being must himself perish.

What, then, shall be done with a nation which with cold premeditation sets out to murder millions and to slay civilization itself?

Shall that nation be permitted to exist and given the opportunity of repeating its crimes?

What hope is there for immunity against future German aggression except to render this aggression impossible?

And how can this be done save by at once and forever destroying Germany's political power?

Does any sane person wish to give Germany an opportunity of again deluging the world in blood?

Have we not paid enough in lives and treasure to learn in the

school of experience that a nation whose ideals are such as Germany's deserves no place among civilized states?

Germany has never had a true parliamentary government, but has built up its policies on the unholy ambitions of war-mad despots; but it is too late now to atone for the past by a mere change of the form of government. You make no alteration in the contents of a bottle by changing the label.

The German Empire will have to be perpetually stripped of its political power, and the statesmen who may be called on to readjust the world to peace conditions may just as well understand now as later that this is one of the first problems they will have to meet.

When the Hohenzollerns and the military clique supporting them shall be captured and dealt with as nearly as possible in proportion to their deserts, and when the German Empire itself shall have vanished as completely as have Assyria and Babylon, then and not before can the rebuilding of the world upon a basis of justice begin.

Incidentally this will furnish not only to Germany but to the world an impressive lesson, not easily forgotten, that no nation dedicated to objects of power in whose attainment no obstacles of humanity, of morality or justice are recognized, can long survive.

Germany has been weighed in the balances and found wanting, and must go the way of other nations similarly tried and found not to measure up to the standards of civilization.



The Railway Situation

NO conclusive deductions can yet be drawn from the experience with Governmental control of the railways of the country.

That net receipts have declined, that wages and rates have advanced, and even that some dissatisfaction has been expressed with the service rendered can not be taken as making up a case against Government operation of the transportation lines. Not that these factors should be ignored; on the contrary, at the appropriate season, they should all be given due weight should the country be called on to decide whether or not a continuance of Government operation beyond the war period is desirable.

But the one point worthy of present consideration is this: are the railways efficiently performing their duty in transporting troops and supplies and helping to maintain the productive war industries? Director-General McAdoo, who is in a position to speak with

knowledge, gives an affirmative reply to this question. That ought to be satisfactory, for until the war is won all considerations must, for the time being, give way to this supreme object.

After the war is over we shall have to settle this question of railway ownership and operation. But we can not settle it now. Very many persons will not acquiesce in the view that Government ownership and operation are to be permanent. Certainly the owners of the roads did not relinquish control under any such expectation, and the law itself authorizing the transfer was temporary in character. The time to unscramble the railway egg is not now. During the continuance of the war, at any rate, we are in for Government operation of the roads. Since we can not change the policy now, why not loyally support it? That will serve to help the Government in making the roads thoroughly efficient in helping win the war—an object which every patriotic citizen favors. Then when the right time comes—that is, after the war—each citizen can align himself on whichever side he chooses. There are those who contend that to acquiesce in the present policy is to fix it permanently upon the country. But that is an opinion only. When the war is over the people are going to look at the railway and other problems in a calm light. It does not at present appear that the case for Government ownership and operation of the roads will be overwhelming. Meanwhile, whatever may be one's opinion on this matter, there exists an excellent opportunity of showing a fine spirit of patriotism by coöperating with the Director-General of Railways.



Position of the Savings Banks

THAT the active competition for deposits on the part of institutions directly or indirectly operated by the Government, together with the bid for funds for Liberty Loan subscriptions, has seriously interfered with the business of the savings banks of the country is a well-known fact. Although the savings banks in general have a high reputation for safety, there still is an added feeling of security attaching to the "Government." People feel, and with justice, that in these times especially there is a sense of security to be found with the Government which can be found nowhere else. Besides, they feel that on the ground of patriotism they should place their spare funds either in Liberty Bonds or War Savings Stamps. Such impulses are in the highest degree creditable, for there is nothing safer or better than a Government obligation and nothing, in the shape of an investment, more patriotic than

Liberty Bonds and War Savings Stamps. Every man and woman should buy as much of each of these as possible.

But when all this is said, and in the utmost sincerity, the fact remains that the savings banks perform a most useful function in the community and are in fact indispensable. The habitual practice of thrift which they inculcate, and the strong incentive they give to the best citizenship, constitute the chief financial reliance of the Government in these times. It is because, through the instrumentality of the savings bank, that men have been taught the virtue of thrift and the desirability of patriotism, that they come forth in such great numbers with such large sums which they gladly lay upon the altar of their country.

Aside from the support which the Government receives from savings bank depositors—a support whose extent is beyond calculation—every great industry of the country and every local enterprise receives sustenance from the same source. How often must it be said that the financial strength of a nation does not reside in a few millionaires, but in the unnumbered thousands—nay, the millions—who constitute the country's financial backbone? The Secretary of the Treasury, when he wants to raise large sums of money, does not appeal to a few men who are accounted very rich, but goes to the masses of the people, and millions of them respond by bringing to the Treasury the funds he needs. In the same way, the railroads, the roads, the bridges, the lighting, power and water plants and the factories are built, equipped and maintained by the sums—small in each particular instance, but large in the aggregate—deposited in the savings banks. These small savings of individuals aggregated become the productive capital of the country without whose beneficent use productive activity would languish even if it did not halt altogether.

It is patriotic, supremely so, to buy Liberty Bonds and War Savings Stamps, for thus do we maintain our forces on the sea and land; and it is also highly patriotic to deposit in savings banks, for by this means do we "keep the home fires burning" and give employment to labor. Should the light and heat of the sun expire, our earth would become a dead planet, and if savings deposits should cease one of the most important sources of capital would dry up, our factories would, many of them, be closed, never to reopen, and labor would lack employment.

It is then the duty of savings bank officials and of the state authorities as well to see to it that the position of the savings bank is strengthened, not weakened, and that the savings bank is not allowed to diminish its beneficent activities. In these days, when the costs of living are high, when taxation is heavy, and when the Government is bidding for funds, it behooves the savings banks not only to retain the place they have long held in public estimation,

but by a campaign of persistent, intelligent and well-directed publicity to place their advantages before the people in a much stronger light than they have done heretofore. In so doing they will render an incalculable service to industry, commerce and labor and at the same time help in the most effectual way in sustaining the Government in these trying times.



Making Sacrifices for the War

SOME poet has advised mankind to be resolute and calm as the hopes of life depart one by one. This advice is applicable now, as we are all being called on to give up something to help win the war. These sacrifices bridge the gulf between the trivial and the sublime. They run all the way from giving up an automobile ride on Sunday to the sacrifice of a son, brother or other relative on the field of battle. We eat less wheat and less meat; take one lump of sugar in tea or coffee instead of the unlimited number to which we have been accustomed. Whiskey and beer promise soon to be banished; and so on down the line.

Tobacco is still left to solace its devotees. Amusements are kept going without curtailment, being justified on the ground that in these serious times of war people must be entertained and amused. The view may be the correct one. Out in that part of Illinois whence came two great figures of the Civil War—Grant and Lincoln—there were few amusements in those days beyond the “literary” and school exhibition; yet the lack of theatrical diversion did not seem to prevent the development of a strong race of men. Yet it may be true that life to-day demands a recreation not needed then. People are so busy pursuing something all day long that they may need a relaxation after working hours.

But at all events, sacrifices are being made. At first you did not notice them much; now they are gradually beginning to pinch here and there just a little. If the war lasts very long, there will be real hardship and suffering—sacrifices that hurt. That the American people will bear this test, no one doubts. They have been accustomed to ease and luxury; but in following an ideal they will shrink at no hardship. This is the fact that Germany did not count on, believing us so steeped in luxurious indulgence as to be indifferent to our rights. The folly of that view receives daily fresh illustration by what our boys are doing in France, and in another way by the spirit of our people here at home.

The sacrifices of the present and of the future will bear a rich

fruitage, if we but sternly and highly resolve that what our dead achieve we shall sacredly keep.



The Bankers Convention

OWING to the fact that the convention of the American Bankers Association at Chicago was held very near the end of September, a report of the meeting is unavoidably delayed until next month. At that time an effort will be made at least to summarize what was done.

When the bankers get together at such a momentous period in the country's history the expressions of their views are likely to be heard with exceptional interest. Last year at Atlantic City the discussions were exceptionally weighty, and this year, with the increased expenditure and effort the country has put forth since then, it was naturally to be expected that even more serious discussions would take place. The American banker is courageous where courage is necessary, and he has met the war situation with a remarkable display of this highly essential quality.

Since we entered the war, and especially in the past eight months, the bankers of the country have been under a strain that has taxed their endurance severely. This strain was personal rather than financial, for the banks have met the demands made upon them for funds with comparative ease. But the banker's time has been occupied with a large number of new and complex problems. In the face of these enlarged demands, he has been compelled to lose many of his trusted helpers and to see their places filled—if filled at all—by those who had but little if any experience in the complicated duties they were called on to perform.

All this the banker takes philosophically as a part of his contribution to the war. When he meets his fellow bankers in a gathering like that at Chicago last month the opportunity is afforded of exchanging opinions and experiences and thus gaining that refreshment that always follows the distribution of a burden.

The conventions of the American Bankers Association held during the war are destined to be memorable in the history of that organization. That will be an especially notable meeting immediately following the final and decisive Allied victory. It is safe to say that the bankers will all be glad when the German military autocracy is completely overthrown, and they can begin the work of restoring their business to normal lines.

A Distinguished Diplomat*

THE recent return to this country of the Argentine Ambassador to the United States has served to call attention to the friendly relations existing between the two nations and the distinguished services rendered to both countries by Doctor Naón. As will be seen from the accompanying biographical sketch, the Ambassador is a gentleman of unusual attainments and of wide experience. It may be said, incidentally, that while most faithfully serving the interests of his own country, he has displayed a cordial disposition towards the people and institutions of the United States.

Doctor Rómulo S. Naón, Ambassador of the Argentine Republic to the United States, and High Financial Commissioner, is a doctor of jurisprudence, University of Buenos Aires (LLD., Universities of Pittsburgh, Yale, Harvard and Brown). His first official position was Secretary to the Governor of the Province (State) of Buenos Aires. In 1902 he was elected Representative to the National Congress (the youngest member of that body), and was reelected in 1906. In 1908 he was appointed Minister of Justice and Public Instruction. In the spring of 1911 he came to the United States as Envoy Extraordinary and Minister Plenipotentiary representing the Argentine Republic at Washington, and in 1914 became the first Ambassador. He was reelected to the National Congress in 1912, but resigned to remain in the United States.

Doctor Naón was formerly Professor of Philosophy, Colegio Nacional de Buenos Aires; Professor of Constitutional Law, and a member of the Directive Council, Faculty of Law and Social Sciences, Buenos Aires University; member of the Directive Council of the Mortgage Bank of the State of Buenos Aires, and General Secretary of the Argentine Delegation, second Peace Conference at The Hague. He has given particular attention to education-

al matters in his country, and during the period of his office as Cabinet Minister established over sixty schools—intermediate, normal and commercial in character, including the Faculty of Economic Sciences of Buenos Aires. He was Special Ambassador to the Centennial of Independence of the United States of Venezuela, and at the Inauguration of the President of Chile, December, 1915; he has negotiated and concluded treaties of general arbitration with Venezuela, Ecuador and Colombia, as well as other countries, and treaties and conventions with the United States; has been delegate to several international congresses and conferences, and honorary president of a number of educational institutions and scientific congresses. He was the representative of Argentina in the Mediation Conference at Niagara Falls in 1914, between the Republics of Argentina, Brazil and Chile and the United States and Mexico, to avoid a war between the last two, and for which he was voted a gold medal and a resolution of thanks by the Congress. He was delegate to the Pan-American Conference in 1915 that brought about the recognition of the de facto Government in Mexico; and addressed a joint session of the Pennsylvania Legislature by invitation.

The decorations with which Doctor Naón has been honored are: the Great Cross of Isabel the Catholic of Spain; Grand Officer of the Crown of Italy; Commander of the Legion of Honor of France; second class Cross of Liberator Bolivar of Venezuela; Medal of the Queen of Holland; Medal of the Pennsylvania Society, and Medal of the Merit of Chile.

Doctor Naón is the author of various works on political science and constitutional law and on educational subjects.

*A portrait of the Argentine Ambassador is presented in this number as a title illustration

An Economic By-Product of the World War

By JOHN J. ARNOLD, Vice-President First National Bank, Chicago

WORLD movements invariably are focused upon the attainment of some great object. We find, however, quite frequently that the by-products, which had not been thought of when the movement started, have proven of greater value than the accomplishment of the prime purpose. Thus, while America has entered the great world conflict for the purpose of making the world safe for democracy, there are already apparent many elements in our national life, anyone of which in itself, under ordinary conditions and in normal times, would have been looked upon as a movement of great importance, although, in comparison with the larger object to be attained they assume, for the time being at least, a place of secondary importance, and, on the whole, are given but little attention in the thought-life of our people.

In the past, very little or no attention has been given to the development of a clientele among the people of small means and in the rural sections in the field of investment. The placing of our government bonds, however, has now opened our eyes to the possibilities in this direction. and, in my judgment, has resulted in the laying of a foundation upon which there should be erected an entirely new structure in our field of economics.

From now on, standard securities should be issued in small denominations, beginning with \$10 values. Wage earners, as well as farmers, throughout our nation, should be encouraged to become holders of the stocks and bonds of our railroads and public utility organizations and these should be made available through the banks in every hamlet, village, town

and city. Employees of our industrial organizations, as well as those of our railroads, etc., should be encouraged to invest their savings in the securities of the organizations by which they are employed.

In order that the public may be safeguarded, government supervision of the issuance of securities must become a permanent factor in our national life.

Ownership of something tangible on the part of every earner should be our slogan. This would naturally include the ultimate elimination of the large land owner and the working of his holdings through tenants.

France furnishes us with the most practical illustration as to what can be accomplished. Guyot tells us that in 1911 there were over eight million owners of lands and houses in France. Multiply this by four, the number of persons in the average family, and we find that thirty-two million people in France were interested in the ownership of a residence or of land, generally both.

The capital of the Bank of France is widely distributed; 182,000 shares belong to 32,700 shareholders, while 150,000 shares of the Credit Foncier are owned by 43,850 individuals. Those of the Credit Lyonnais and of the Comptoir National d'Escompte can be counted by the tens of thousands.

It is impossible to obtain a definite estimate of the number of shareholders of the various French railroad securities, but, at the end of 1907, the stocks of the six larger lines aggregated 17,946,000,000 francs, and all writers agree that these shares were held by a very large number of people.

A similar condition exists with re-

gard to the public debt, which did not need the war to cause the small man to entrust his money to the state. We find, for example, that on January 3, 1913, the 657 million of three per cent. state funds were divided among 4,443,000 holders. The most numerous among the certificates are those of thirty francs, numbering 663,747, while the twenty franc certificates number 395,613, and the fifty franc certificates number 278,109. The 300 franc certificates number only 79,932, the 1,000 franc 19,457, and the 3,000 franc 7,924. This is not only an interesting, but, in the judgment of economists, a most healthy state of affairs.

France prior to this war attained a most important position, and in fact was by some looked upon as the world's banker. "With a commerce very much below that of Great Britain and industrially inferior to Germany she had gained this position through her domestic economy, frugality and thrift."

"The poorest peasant in the least productive parish of the Republic managed to put aside a little each year for a competency, and the fishermen down on the Brittany coast would have starved a few years ago when the catch was almost nothing had they not been able to draw upon the savings of more fruitful years." There were tens of thousands of small shop-keepers, inn-keepers and scantily paid government employees who were investors and whose combined savings provided the funds to finance not only France, but some of the newer nations as well.

Prior to this movement, France was in a state of almost constant political ferment and unrest, while since its development, which dates practically from the time of the Franco-Prussian War, the nation has experienced internal quiet and peace.

She has been more free from strikes and labor trouble than other European countries, and the people as a whole do not appear to have been in sympathy with the strikes which did occur, as is shown by the fact that very few strikes were successful. It is the opinion com-

monly held by students of the situation that most of this is due to the fact that the vast bulk of the people have had a direct financial interest in maintaining the credit of the nation as well as that of the industries, which cannot be done in the face of political disturbances and labor strikes.

In 1905, which is looked upon as a most interesting year, France experienced only 830 strikes, while Germany, in the same period, had 2,408.

Of greater importance, perhaps, is the fact that as a direct result of the wide interest of French people in railroads and public utilities, laws in France are not passed for the purpose of interfering with the operation and fair earnings. The French in fact do not understand the attitude of our government and people in this regard. A French financial authority, Mar de Vallette, writing in "Moody's Magazine" in 1911, sought to explain why French investors hesitated to buy American railroad securities and stated that "the French investors do not understand the antagonism between the state and the railroad companies, while in France state and companies work in close connection, one with the other."

While not all of us will agree that railroad legislation in our country has been antagonistic to the corporations as such, it would appear nevertheless as reasonable and logical to suppose that legislation affecting our public service corporations would be likely to be of a more sympathetic character if our representatives knew that their own constituents were directly interested in the securities of the corporations in question. And, while ownership of stocks or bonds on the part of employees in our industries would not be likely to eliminate all capital and labor controversy, the tendency undoubtedly would be in that direction, and questions at issue would almost certain to receive more sympathetic consideration on the part, both of the management and the labor element. In any event the subject is one which in my judgment is entitled to consideration and study.

Banking and Commercial Law

CASE COMMENT AND REVIEW

Checks Drawn against no Funds

THE practice of drawing checks against no funds has become of sufficient magnitude and importance to warrant action on the part of the legislatures. Legally speaking, it is no crime to draw a check against an account in a bank where one has an open account, but, in many states, if not in all, to draw a check on a bank where one has no funds is a misdemeanor.

To illustrate: to draw a thousand dollar check against a dollar balance is not a crime, but to draw a one dollar check on a bank where no account is open is a serious offense. This is obviously illogical. Checks by the thousand are put in circulation every day, which may be termed "anticipation checks"—that is, checks which are drawn in the expectation of having funds to meet them when presented. But if the calculations of the drawer are defeated by a different presentation of the check, there is trouble in store.

In some cases, this practice might be called proper; for instance, a hotel with a daily income of \$3,000 could not be criticized for drawing checks in expectation of meeting them from the daily receipts, and this is quite necessary in many instances. Should unforeseen occurrences prevent the daily inflow of money the outstanding checks will, of course, be presented just the same.

The laws of New York have recently been amended to cope with this situation as follows:

Any person who, with intent to defraud, shall make or draw or utter or deliver any check, draft or order for the payment of

money upon any bank or other depository, knowing at the time of such making, drawing, uttering or delivering that the maker or drawer has not sufficient funds in or credit with such bank or other depository for the payment of such check, although no express representation is made in reference thereto, shall be guilty of attempted larceny, and if money or property is obtained from another thereby, is guilty of larceny and punishable accordingly.

In any prosecution under this section as against the maker or drawer thereof, the making, drawing, uttering or delivering of a check, draft or order, payment of which is refused by the drawee because of lack of funds or credit, shall be prima facie evidence of intent to defraud and of knowledge of insufficient funds in or credit with such bank or other depository, unless such maker or drawer shall have paid the drawee thereof the amount due thereon, together with interest and protest fees, within ten days after receiving notice that such check, draft or order has not been paid by the drawee.

The word "credit" as used herein shall be construed to mean an arrangement or understanding with the bank or depository for the payment of such check or draft or order.

It will be seen that the intention is the vital element in this statute, and unless the intention to defraud exists, it does not become an offense; but it will be observed that the mere dishonoring of a check by the bank is evidence of intent, unless the maker pays the amount within ten days after receiving notice of dishonor. The case of *Grisson vs. Commonwealth* in this number is of this sort, and applies the statute of Kentucky to such a situation



Kiting Checks

The kiting of bank checks is a process whereby A deposits B's check in his bank, while B deposits A's check

in his bank, both checks being fictitious as respects their intrinsic value.

If, for instance, A is short of funds, and is dealing with a bank not over-scrupulous in technical matters, he may offer for deposit B's check, and immediately draw the cash against it. He can closely estimate the number of days it will take for the check to be presented on B's bank. He thereupon sends his check to B to be deposited to B's account to meet the check first mentioned.

With careful manipulation, this process may continue for a long time, particularly if the banks are situated some distance apart, and the checks are of such amount as not to invite suspicion. Kiting is dangerous. It indicates financial stringency on the part of the operators, and is sure to seriously injure the credit of both parties. As a matter of fact, one of the first danger signals in business operations is a kiting operation.

How successfully this can be done is seen in the case of Farmers Savings Bank vs. American Trust Co. in this issue, where checks aggregating \$600,000 and covering a period of seven months, were thus kited between two banks before being detected. The only safeguard is no payment against uncollected funds, thereby making it impossible to draw against such deposits until payment has been actually made. This requires care on the part of the bookkeepers, and attention to many details.



Rubber Stamp Indorsement

The question frequently arises in banking and commercial circles as to the sufficiency of the rubber stamp indorsement, such indorsement being most common at the present time. In former days it was the custom of the cashier of a bank and the officers of other corporations to endorse with pen and ink the various checks and drafts passing through their hands, and the office of cashier was presumed to be

more or less a clerical one, and the duties largely wielding the pen.

With the growth of business, quicker and better methods were necessary, and one of the developments along this line has been the rubber stamp, used in a thousand different ways, but in banking particularly, for indorsement. It is frequently set up as a defence that such indorsement is irregular and inoperative. This contention is ill-founded, for the law recognizes the necessity of such procedure, and has placed its stamp of approval on such transactions.

Briefly stated, the law regarding rubber stamps is this: If the indorsement is placed by means of a rubber stamp by one having authority to do so, and with the intention to pass title, it is a lawful indorsement and it is rare that this indorsement is held insufficient.

However, no bank would be warranted in cashing a check so indorsed, and presented by one other than the payee. Rubber stamp indorsements are intended to pass title to the bank for the purpose of collecting and not as an acknowledgment of having received the funds specified therein. See Metropolitan Discount Co. vs. Davis, in this issue.



Leading Cases

Check Drawn against no Funds

KENTUCKY

Drawing of Check against Insufficient Funds—Evidence

Court of Appeals, Kentucky, June 18, 1918

GRISON VS. COMMONWEALTH

In a prosecution under Ky. St. section 1213a, as to drawing, uttering, or delivering any check where there are insufficient funds in the depository to meet the same, an indictment charging that defendant did unlawfully, willfully, feloniously and fraudulently draw, utter, deliver, and present a

certain check dated September 1, 1917, and drawn on the First National Bank, and delivered the same to C., and represented to said C. that he had funds in said bank to meet such check, when in truth and in fact he had no funds, and he well knew that there were no funds to meet said check in said bank at the time he made such statement and representation to the said C., and the said C. relied upon such statements, and believed in the same, and cashed said check, and paid said defendant the face value thereof, etc., stated a public offense under the statute, and was free from substantial error.

R. S. Grisson was convicted of violating Ky. St. § 1213a, as to drawing, uttering, or delivering any check, where there are insufficient funds in the depository to meet the same, and appeals. Affirmed.

STATEMENT OF FACT AND OPINION

Carroll, J. Section 1213a of the Kentucky Statutes provides:

That any person who with intent to defraud shall make, or draw or utter or deliver any check, draft or order for the payment of money upon any bank or other depository, knowing at the time of such making, drawing, uttering or delivery that the maker or drawer has not sufficient funds in such bank or other depository for the payment of such check, draft or order in full upon its presentation; * * * and if the amount of such check or draft be twenty dollars or over, he shall be guilty of a felony and confined in the penitentiary for not less than one year nor more than two years, and the drawer of such check or draft shall be prosecuted in the county in which he delivers same: Provided, however, that if the person who makes, issues, utters or delivers any such check, draft or order, shall pay the same within twenty days from the time he receives actual notice, verbal or written, of the dishonor of such check, draft or order, he shall not be prosecuted under this section, and any prosecution that may have been instituted within the time above mentioned, shall, if payment of said check be made as aforesaid, be dismissed at the cost of defendant. The making, drawing, uttering or delivering of such check, draft or order as aforesaid, shall be prima facie evidence of intent to defraud.

The indictment against the appellant, Grisson, was found under this section on December 1, 1917, and charged that:

He did "unlawfully, willfully, feloniously and fraudulently draw, utter, deliver and present a certain check dated September 1, 1917, and draw on the First National Bank of Mayfield, Ky., and deliver the same to J. E. Choate, and represent to said J. E. Choate that he had funds in said bank to meet said check, when in truth and in fact he had no funds in said bank to meet said check, and he well knew that there were no funds to meet said check in said bank at the time he made said statement and representations to the said Choate, and the said Choate relied upon said statements, and believed in the same, and cashed the said check, and paid said R. S. Grisson the sum of \$25, the face value of said check, and said check is in words and figures as follows, to-wit: * * * That said check was drawn and placed in circulation with the fraudulent and felonious intent to defraud the First National Bank and J. E. Choate, and the said Grisson did defraud the said J. E. Choate of his property, to-wit, \$25 at said time he procured the said J. E. Choate to accept and cash said check."

On a trial in March, 1918, under this indictment, Grisson was found guilty and his punishment fixed at one year in the state penitentiary. He asks a reversal of the judgment upon the grounds that the indictment was fatally defective in that it did not charge a public offense; that the evidence was not sufficient to sustain the verdict; that after the verdict he discovered new evidence entitling him to a new trial; that the trial court below committed error in the instructions to the jury; that incompetent evidence was permitted to go to the jury.

The indictment stated a public offense under the statute, and, besides, was free from substantial error. It is, however, argued that the indictment was defective in failing to charge that Grisson failed for 20 days after he received actual notice of the dishonor of the check to pay it, but it was not necessary that this defensive matter should have been set forth in the indictment.

The rule in respect to exceptions and provisos contained in a criminal statute, and the necessity for charging in the indictment that the accused did not come within the provisions of the exception, are thus stated in *Commonwealth v. Louisville & Nashville Rail-*

road Company, 140 Ky. 21, 130 S. W. 798:

If the exception is contained in the sentence or paragraph of the statute that creates and describes the offense, then it must be negated in the indictment; but if the exception is not found in the sentence or paragraph that creates and defines the offense, but is contained in a separate section or in a distinct proviso or paragraph, it is a matter of defense for the accused, and it is not necessary that the indictment should charge that he did not come within the exception.

Under this rule it was not necessary to make any mention in the indictment of the matter contained in the proviso relieving the defendant of the penalty of the statute if he observed the requirements of the proviso intended for his benefit.

The evidence introduced in behalf of the commonwealth made out a clear case of guilt under the indictment. It showed that Grisson procured from Choate \$25 on a check drawn by him on a bank in which he did not have, at the time, any money on deposit, and had not had at any time within two years before the date of the check. On the faith of the check he got from Choate \$25, no part of which he ever paid. It would be difficult to make out for the commonwealth a stronger or clearer case than the evidence in this record does. Grisson, however, in an effort to escape the penalty for the offense of which the jury found him guilty, testified, in substance, that he told Choate, at the time he gave him the check, that he did not have any money in the bank, and thereupon Choate loaned him the \$25, with the understanding that it would be repaid when he (Grisson) had sold some property and placed the proceeds of the sale in the bank.

In respect to the newly discovered evidence, Grisson testified that he got the money from Choate in Mayfield during banking hours; while Choate testified that he accepted the check and let him have the money after the banks had closed for the day. The alleged newly discovered evidence which it was proposed to make by a man named

Stubblefield was to the effect that Stubblefield would testify that he saw Choate and Grisson go into the bank on the day on which the check was given about noon and during banking hours. Aside from the fact that this newly discovered evidence was not so material as to have a decisive influence with the jury in determining the guilt of innocence of Grisson, it is shown that Grisson knew that Stubblefield lived in Mayfield, where the trial was had, and that he told Stubblefield, during the trial, that he wanted him to come to the courthouse and testify, in his behalf, thereby showing, as we think, that he knew the facts that were in the knowledge of Stubblefield in ample time to have procured the evidence of Stubblefield on the trial if he had desired it. Under these circumstances, there is no merit in the ground for a new trial sought to be rested on the alleged newly discovered evidence.

The instructions are complained of, but we find no objection in them; they stated in apt terms the case for the commonwealth, as well as the defense relied on by Grisson.

In respect to the assigned error relating to the admission of incompetent evidence, it is sufficient to say that the evidence to which objection was made in the lower court and overruled was not so material as to affect the merits of the case.

Upon the whole, we find no error in the record prejudicial to the substantial rights of Grisson, and the judgment is affirmed.

203 So. Rep. 1076.



Certified Check

MISSOURI

Certification—Kiting Checks—Fraud
Kansas City Court of Appeals, Missouri,
May 20, 1918

FARMERS' SAVINGS BANK OF WEST PLAINS VS.
AMERICAN TRUST CO. OF WARRENSBURG

Where a bank is induced by fraud to certify the check of a depositor in an amount

in excess of his deposit, it may countermand payment, unless the rights of other parties have intervened.

In a suit on checks drawn by a depositor in defendant bank in favor of a depositor in plaintiff bank and by the payee deposited in plaintiff bank, and on which the drawee bank refused payment and erased the word "Paid" from the two checks, *held*, on the evidence, that the jury might find that plaintiff bank knew that the drawer and payee had been kiting checks, and that the defendant bank had no funds of the drawer other than the worthless checks of the payee.

In such case an instruction that, if the defendant bank in receiving the two checks held them for more than 24 hours, without the consent of plaintiff bank, without returning them, its conduct constituted an acceptance and made it liable for the amount of the checks modified by adding the condition, unless the preponderance of the evidence showed that defendant was not liable on the ground of fraud, was not error.

STATEMENT OF FACT AND OPINION

Action by the Farmers' Savings Bank of West Plains, Mo., against the American Trust Company of Warrensburg, Mo. Judgment for defendant, and plaintiff appeals. Reversed, and cause remanded.

Bland, J. This is a suit on two checks drawn by one Burton on the defendant in favor of one Workman. The verdict and judgment was in favor of the defendant, and plaintiff has appealed. The facts show that from January, 1915, to August, 1915, Burton and Workman were engaged in the cattle business at West Plains, Mo., that Workman was a depositor of the plaintiff, or the West Plains bank, and Burton a depositor of the defendant, or the Warrensburg bank, and that during that time what was described in the evidence as a "kite" was going on between Burton and Workman. For convenience plaintiff will be referred to as the West Plains bank, and defendant as the Warrensburg bank.

The evidence shows that the West Plains bank had a correspondent in the city of St. Louis through which it made out of town collections, and that the Warrensburg bank had a correspondent in Kansas City through which its out

of town collections were made. The evidence shows that the "kiting" was carried on as follows: Workman and Burton desiring to obtain a credit in favor of the former in the West Plains bank, the latter would draw a check or checks on the Warrensburg bank in favor of Workman, who would deposit it or them to his credit in the West Plains bank. It would take three or four days after the check was drawn for it to reach the Warrensburg bank for payment, and in the meantime, in order to show a credit in the Warrensburg bank in favor of Burton sufficient to take care of Workman's check, Workman would draw a check or checks in favor of Burton on the West Plains bank. These latter checks would be deposited in the Warrensburg bank before Burton's check reached it. As before stated, this system of "kiting" had been in progress from January, 1915, to August, 1915, and during this time something like \$600,000 in checks had passed between the two banks.

It was the understanding between Burton and the Warrensburg bank that the former should not be permitted to overdraw his account, so Burton would give the Warrensburg bank checks on the West Plains bank signed by Workman with the amount left blank, so that the Warrensburg bank might fill in the necessary amount to cover any of Burton's checks that came in. The secretary of the Warrensburg bank testified that he knew nothing of the financial standing of Workman, but he knew that Burton, who was a resident of Warrensburg, had no property which could be reached by execution, that he had done business with Burton once before, and that he had no capital then. Neither Burton nor Workman had any money in either of these banks except these "kited" or fraudulent checks.

During the latter part of July, on account of the enormous number of checks coming through the West Plains bank, its president began to suspect that there was a "kite" in existence between Burton and Workman. On August 1 the bank examiner came into the West Plains bank and told its presi-

dent that there was a "kite" going on. On August 5 Workman deposited the two checks sued upon in the West Plains bank, which were drawn on the Warrensburg bank and were signed by Burton; one in the sum of \$2,748.50, and the other in the sum of \$4,500. The evidence is conflicting as to whether these checks were taken by the West Plains bank for collection or as a deposit to Workman's account. The West Plains bank, following its usual course, sent these checks to its St. Louis correspondent, who in turn, on August 7, forwarded the same to the Warrensburg bank. The checks were received by the president of the latter early on the morning of August 9, 1915. Upon receipt of these checks the president of the Warrensburg bank examined Burton's account, and found that, on account of various checks of Workman that Burton had deposited and which were on their way to the West Plains bank for payment, Burton had an apparent credit sufficient to meet the amount of these checks, and the president of the Warrensburg bank marked these two checks "Paid," and drew a draft for their amount upon its correspondent in Kansas City. Shortly thereafter the correspondent in St. Louis of the West Plains bank, at the request of the latter, called up the Warrensburg bank over the long-distance telephone and asked it if these two checks had been paid, and its president replied that they had. Within an hour or two thereafter a bank examiner came into the Warrensburg bank and informed its president that he had been sent there to investigate a "kite" that had been going on between Burton and Workman. The president and secretary of the Warrensburg bank testified that this was the first they knew of any "kite" existing between said parties. After the president of the Warrensburg bank had talked to the bank examiner the former called up the West Plains bank and asked it if it did not have some checks on the Warrensburg bank "that had been sent in transit" (meaning checks drawn by Workman in favor of Burton on the West Plains

bank and deposited in the Warrensburg bank, upon which the apparent credit described in the Warrensburg bank was based). The West Plains bank replied that it had the checks and would refuse to pay them, and the president of the Warrensburg bank then stated to the West Plains bank that it would refuse to pay the two checks involved in this suit and would notify the correspondent in St. Louis of the West Plains bank to this effect, which was done by long-distance telephone. The correspondent of the West Plains bank was also notified that payment would be stopped upon the draft drawn on the Kansas City correspondent of the Warrensburg bank, which was done, and the word "Paid" was erased from the two checks mentioned.

Plaintiff's first point is that the court should have given its instruction in the nature of a peremptory instruction to find for plaintiff. In this connection plaintiff urges that the Warrensburg bank's acceptance of the two checks sued on was equivalent to a certification of the checks and amounted to the same as an acceptance of an inland bill of exchange, and it became unconditionally bound to pay said checks, and that such acceptance was irrevocable. This contention is not well taken, for the reason that, where a bank is induced by fraud to certify the check of a depositor for an amount in excess of his deposit, it may countermand payment unless the rights of other parties have intervened (5 R. C. L. 526), and, of course, the same rule obtains where the bank had assumed to pay a check that it does not certify and is in a position to countermand its action, as in this case.

The defense of fraud was tried on the theory that, if the Warrensburg bank had no funds belonging to Burton in its bank with which to pay the checks in question other than the worthless checks of Workman, and that the West Plains bank knew that said worthless checks were held by the Warrensburg bank and knew that the Warrensburg bank relied upon said checks being good, and knew that Burton had no

other funds except the worthless Workman checks in the Warrensburg bank with which to meet the checks, and that the Warrensburg bank did not know of the fraudulent "kiting" at the time it marked "Paid" the two checks in suit, and that the West Plains bank induced the Warrensburg bank to accept and pay the checks by its fraudulent conduct, then plaintiff was not entitled to recover.

Defendant insists that there is no evidence that the West Plains bank knew the condition of Burton's account in the Warrensburg bank; that, for all the West Plains bank might have known, the Warrensburg bank had funds, in addition to the Workman checks, to satisfy the two checks in suit. There is no direct evidence that the West Plains bank knew that the Warrensburg bank had no funds of Burton except the fraudulent Workman checks, but from the evidence such knowledge may be inferred. The evidence shows that the West Plains bank knew that there was a "kite" going on when it took the two checks in suit; it knew that this had been going on for some time, and knew that more than \$600,000 in checks had been drawn. If Burton had funds in the Warrensburg bank sufficient to cover the checks issued by him, other than the worthless checks of Workman, why was it necessary that a "kite" be conducted? We think the jury could say that, as the West Plains bank knew there had been a "kite" in existence for some time, it also knew that the Warrensburg bank had no funds of Burton other than the worthless checks of Workman.

Plaintiff urges that the court erred in refusing to give its instruction No. 2, which told the jury that, if the Warrensburg bank, in receiving the two checks in controversy, held the same for more than 24 hours without the consent of plaintiff, without returning the same, its conduct constituted an acceptance and made it liable for the amount of the checks, and the verdict should be for the plaintiff. The court gave this instruction in a modified form by adding, "unless you find and believe

from the preponderance of the evidence that the defendant is entitled to recover on the issue of fraud as defined in other instructions." It is plaintiff's contention that section 10107, R. S. 1909, providing that, if a drawee to whom a bill is delivered for acceptance refuses within 24 hours after delivery to return the bill accepted or not accepted to the holder he will be deemed to have accepted the same, now applies to checks. See section 10155, R. S. 1909. Assuming that section 10107 does apply to checks, nevertheless we think the court did not commit error in reference to this matter. The president of the Warrensburg bank called on the West Plains bank and notified the latter that it had refused to pay the checks. Plaintiff's correspondent at St. Louis was also notified. There was no demand made by the West Plains bank or any one for it for the return of the checks, and none of the parties could have been misled by the action of the Warrensburg bank in not returning them within 24 hours. It is doubtful if this statute applies at all in fraud cases such as this one.

Plaintiff contends that the court erred in refusing to give its instruction No. 6. This instruction told the jury that the West Plains bank was not presumed, in the absence of knowledge to the contrary, to know the condition of Burton's account in the Warrensburg bank, and that the West Plains bank had a right to rely upon the presumption that defendant did know the condition of such account unless they believed from the greater weight of the evidence that the West Plains bank as a matter of fact did know of the condition of Burton's account in defendant bank. The court gave this instruction in substantially the same form in another instruction given on its own motion which applied the rule stated in said refused instruction to both banks. Therefore we think that the court did not err in refusing plaintiff's instruction No. 6 and in giving an instruction of its own on this question.

Plaintiff urges that the court erred in

giving instructions Nos. 9 and 10 on behalf of the defendant and in refusing to give instruction No. 4 asked by plaintiff. Instructions Nos. 9 and 10 permitted the jury to find for the defendant without finding that the Warrensburg bank was ignorant of the "kite," and relied upon the failure of the West Plains bank to impart the knowledge that a "kite" was in existence. Plaintiff's instruction No. 4 required the jury before it could return a verdict for defendant to find that the West Plains bank by fraud induced the Warrensburg bank to pay the checks, and at the time knew that the Warrensburg bank had not sufficient funds on deposit to Burton's credit, other than the worthless checks of Workman, to pay the checks forwarded, and that the West Plains bank through its officers knew that the Warrensburg bank was deceived by such worthless checks and believed them to be good.

Defendant contends that there is no evidence in the record that the Warrensburg bank knew that there was a "kite" in existence, and that therefore it did rely upon the failure of the West Plains bank to disclose all the facts. We think there is some evidence to go to the jury upon this point. The Warrensburg bank knew that Burton had no property and was judgment proof. For seven months he had been carrying on a large business with the Warrensburg bank, and the only funds that he had on deposit there at the time of these transactions were the checks of Workman. As already stated, the transactions between these two banks amounted to more than \$600,000. The Warrensburg bank had an understanding with Burton that his accounts should not be overdrawn, and Burton gave to the Warrensburg bank Workman's checks drawn on the West Plains bank with the amounts left blank to be filled in by the Warrensburg bank in order to take care of Burton's checks drawn in favor of Workman. Under these circumstances it is difficult to understand why the Warrensburg bank did not at least become suspicious of these transactions and make some in-

vestigation to find out whether they were bona fide. In business transactions parties must not neglect to use their own judgment and discretion.

The judgment is reversed, and the cause remanded. All concur.

203 S. W. Rep. 674.



Corporation Checks

MASSACHUSETTS

Trust Fund—Form of Checks—Fraud

Supreme Judicial Court of Massachusetts,
May 25, 1918

KENDALL VS. FIDELITY TRUST CO.

Where the assistant treasurer of an association, having authority to check out the association's funds deposited in a national bank, drew a check on such bank to his own order, and other checks to the order of a trust company, and deposited them all to his individual account with the trust company, which collected them from the bank, the form of the checks, and the fact that their proceeds were credited to the treasurer's individual account, were insufficient to warrant finding that the trust company had reason to believe the treasurer was acting dishonestly; there being nothing to show that the trust company, in collecting checks drawn upon and paid by the national bank without objection, had any reason to suspect the treasurer, its depositor, was committing a fraud, and nothing to show that the checks were not presented by the trust company in good faith to the national bank on which they were drawn.

If a bank, acting in good faith, merely credits trust funds, knowing them to be such, to the personal account of a fiduciary, it will not be liable, if he misappropriates such funds.

Bill in equity by Francis H. Kendall and others, trustees doing business under name and style of the School Street Associates, against the Fidelity Trust Company. On report to the full court. Decree ordered dismissing the bill.

STATEMENT OF FACT AND OPINION

Crosby, J. This is a bill in equity by which the plaintiffs, as trustees of the School Street Associates, seek to

impress with a trust certain moneys deposited in the defendant's bank by one Alvero, assistant treasurer in the employ of the plaintiffs the amount so deposited being afterwards wrongfully withdrawn and misappropriated by him. A single justice overruled so much of the answer as is by way of demurrer, and at the request of the parties reported the case to this court upon the bill, answer, and agreed statement of facts.

Where a suit in equity has for its object the disposal of a trust fund, all known claimants of the fund must be made parties; in the case at bar the defaulting employe, Alvero, although he was the depositor of the funds in the defendant's bank has no interest whatever in the subject-matter of the suit and need not be joined as a party.

It is recited in the agreed statement of facts that the plaintiffs kept the money of the trust in a deposit account with the Merchants' National Bank of Boston; that in January, 1913, Alvero was employed by the plaintiffs, and by an instrument in writing was authorized "to sign checks upon Merchants' National Bank of Boston, and indorse checks for deposit in said bank, from January 11, 1913, until further notice." This instrument was filed with the Merchants' National Bank and was not revoked until all the deposits made by Alvero had been withdrawn from the Fidelity Trust Company. Between September 5 and November 18, 1916, Alvero drew a series of checks on the Merchants' National Bank, signed "School Street Associates, by M. Alvero, Assistant Treasurer," and deposited them with the defendant for collection. The first of these checks, dated September 5, 1916, for \$300, was made payable to Alvero individually; the other checks were all payable to the defendant and amounted to \$4,700.

It is agreed that:

"Each of these checks was deposited with the defendant for collection by Mariano Alvero on the day of its date, was duly presented to the Merchants' National Bank through the clearing-

house, and was paid. The proceeds by Alvero's direction were placed to the credit of Alvero's personal account with the defendant. In this personal account Alvero also deposited moneys other than that derived from proceeds of checks drawn upon plaintiffs' account. This personal account with the defendant was at no time overdrawn and the defendant never received any part of that account for its own use or in payment of any debt to it, but paid out the whole from time to time upon the personal checks of Alvero. None of the checks upon the plaintiffs' accounts above referred to were drawn by Alvero for the use or purposes of the plaintiffs, but all were drawn for his individual purposes. The defendant's only knowledge of Alvero's authority to draw checks against the account of the plaintiffs was from the checks themselves and the fact that the same were honored by the Merchants' National Bank. The defendant had no notice of any fraudulent purpose on the part of Alvero in drawing the checks above referred to and in the disposition of the proceeds unless it is chargeable with notice by reason of the form of the checks and that their proceeds were credited to Alvero's personal account. On November 18, 1916, Alvero absconded, having drawn out and expended for his own purposes the entire balance of his personal account with the Fidelity Trust Company."

We are of opinion that the form of the checks and the fact that their proceeds were credited to Alvero's individual account are not sufficient to warrant a finding that the defendant had reason to believe that Alvero was acting dishonestly. There is nothing to show that the defendant in collecting the checks drawn upon and paid by the Merchants' National Bank without objection had any reason to suspect that the depositor was committing a fraud, or that the checks were not presented by the defendant in good faith to the bank on which they were drawn. As the defendant had no interest in the deposits and never received any part

thereof for the payment of any debt due it, but credited all amounts so collected to Alvero's personal account, it cannot be charged with constructive notice of the fraudulent conduct of the fiduciary. §69, *Pratt v. Higginson*, 119 N. E. 661; *Newburyport v. First National Bank of Boston*, 216 Mass. 304; *Allen v. Puritan Trust Co.*, 211 Mass. 409; *Newburyport v. Spear*, 204 Mass. 146; *Fillebrown v. Hayward*, 190 Mass. 472; *Batchelder v. Central National Bank*, 188 Mass. 25; *Havana Central Railroad v. Knickerbocker Trust Co.*, 198 N. Y. 422; *Goodwin v. American National Bank*, 48 Conn. 550; *Mott Iron Works v. Metropolitan Bank*, 78 Wash. 294.

The weight of authority is in accord with the view that if a bank, acting in good faith, merely credits trust funds, knowing them to be such, to the personal account of the fiduciary, it will not be liable if he later misappropriates such funds. *Allen v. Puritan Trust Co.*, 211 Mass. 409, and cases cited in note. As the defendant cannot be charged with constructive notice of the fraudulent acts of Alvero merely because of the form of the checks and because of the amounts collected thereon were deposited in his personal account with other funds deposited by him, it follows that there is no evidence that the defendant knew he intended to misappropriate the funds and the defendant therefore cannot be held liable.

Upon the report a decree should be entered dismissing the bill with costs.

So ordered.

119 N. E. Rep. 861.



Rubber Stamp Indorsement

OKLAHOMA

Indorsement—Consideration—Date of Instrument

Supreme Court, Oklahoma, Jan. 29, 1918

METROPOLITAN DISCOUNT CO. VS. DAVIS

An indorsement of the name of the payee on a bill of acceptance by means of a rubber stamp is sufficient, if such indorsement

was made by authority of the payee, and there is no presumption of want of such authority when, the indorsee in a suit on the instrument alleges due indorsement, such allegation being taken as true, unless the denial thereof is duly verified.

Action by the Metropolitan Discount Company against F. D. Davis. Judgment for defendant, and plaintiff brings error. Reserved with directions.

STATEMENT OF FACT AND OPINION

Stewart, C. This case involves liability of the defendant to the plaintiff on five negotiable bills of acceptance each for \$59.20 and bearing date January 20, 1914, payable to the order of National Novelty Import Company, due respectively 4 months, 6 months, 8 months, 10 months and 12 months after date. The plaintiff corporation alleged that it was the owner and holder of such bills in due course for valuable consideration and by due indorsement before maturity; that the defendant had paid on the first due the sum of \$25 on July 2, 1914, and the further sum of \$25 on July 21, 1914, as shown by indorsement thereon. The defendant filed answer, admitting the execution of the bills, but denying that the plaintiff was the owner or holder of the same in due course, and denying that the same were transferred and indorsed to said plaintiff for valuable consideration before maturity. The answer was not verified, but afterwards defendant filed what was called "Amendment to Answer," which was signed and verified, reading as follows:

"I, F. D. Davis, being first duly sworn, on my oath say that I am defendant in the above-entitled action, and that the certain denial contained in the above and foregoing answer in said action, in words as follows, to-wit: 'especially denies that said bills of exchange mentioned in said bill of particulars were transferred and indorsed to said plaintiff for a valuable consideration before maturity' is true."

The defendant alleged that said bills of acceptance were signed in pursuance

of a contract made with the National Novelty Import Company by its agent and representative T. K. Smith for the purchase of certain articles of jewelry, and that defendant had sustained damages in the sum of \$500 because of breach of an alleged warranty of such goods. The evidence shows that the payee indorsed the bills of acceptance before maturity to the plaintiff, and received valuable consideration therefor; that plaintiff had no knowledge of any defense to the same, there being no evidence tending to disprove such facts. The trial court, however, submitted the cause to the jury on the issue of damages and, the jury returning a verdict for the defendant, the trial court rendered judgment accordingly, from which judgment the plaintiff duly appeals.

The trial court refused, on request of the plaintiff, to instruct the jury on the question of the plaintiff being an innocent purchaser for value and a holder in due course. Such failure of the court is assigned by the plaintiff as error, and it is also contended that the plaintiff was entitled to judgment on the pleadings and under the undisputed evidence. The defendant urges that his amendment to the answer, in which he says that he "denies that said bills of acceptance mentioned in the bill of particulars were transferred and indorsed to plaintiff for valuable consideration before maturity is true," was sufficient to put in issue the indorsement of the bills of acceptance under section 4759, R. L. 1910, providing, among other things, that:

"Allegations of the execution of written instruments and indorsements thereon * * * shall be taken as true unless the denial be verified by the affidavit of the party, his agent or attorney."

We cannot agree with learned counsel for defendant; the affidavit does not deny the indorsement, but denies that the bills were indorsed to plaintiff for a valuable consideration before maturity. The averment is not sufficient to put in issue the allegation of plaintiff

as to the indorsements, which indorsements of themselves import valuable consideration, and it is provided in section 4095, R. L. 1910, as follows:

"Except where an indorsement bears date after the maturity of the instrument, every negotiation is deemed *prima facie* to have been effected before the instrument was overdue."

The indorsements in the instant case bearing no date, it must therefore be presumed that they were made before maturity. Even if the answer were sufficient to put in issue the question of indorsements, there was evidence introduced showing that the indorsements were duly made, and there is no evidence to the contrary.

It is contended, however, by the defendant that the evidence shows that the indorsements were made by the use of a rubber stamp, and therefore are not sufficient. The means by which an indorsement is made is not so important as is the intention of the purported indorsee. An indorsement of the name of the payee on a bill of acceptance by means of a rubber stamp is sufficient, if such indorsement was made by authority of the payee, and there is no presumption of want of such authority when the indorsee in a suit on the instrument indorsed alleges due indorsement. The maker of the bills of acceptance in the case at bar is therefore in no position to complain as to the manner of indorsement. *Cadillac State Bank v. Cadillac State & Heading Co.*, 129 Mich. 15; *Deep River National Bank Appeal*, 73 Conn. 341; *Herrick v. Morrill*, 37 Minn. 250; N. W. 849. Under both the pleadings and evidence in this case the plaintiff is entitled to recover.

The judgment is reversed, with instructions to render judgment for the plaintiff for the face of the bills of acceptance, with interest at the rate of six per cent. from their respective dates of maturity, less the amounts paid to be credited as of the dates same were paid and costs.

170 Pacific Rep. 707.



Letters of a Country Banker

Letter No. 4 of the New Series

By W. LIVINGSTON LARNED

The human side of banking, as told by a small town veteran with a broad, optimistic outlook on life and things in general. He manages to mingle the humor of it all with sound business reasoning.

Friend James:

THE great military drives that we read about in the papers carry a striking moral. There are certain things in life that are inevitable. Fate plans them for us and we know they will come, sooner or later. But it is such a common custom to build a sort of rest billet and hide from the approaching storm, instead of facing it squarely. Then there is the other way—the brave way—of saying: "This drive is being planned. It will break soon. I must prepare for it."

In the path of every man, as I see existence, there is a sort of sublimated "Drive." It may seem very, very far distant, but it **MUST** come—it **MUST** storm our trenches. It is as certain as Death itself.

Time, that invincible warrior, massed his might. Old age, for one thing. We can't stay young forever. And then there is the certain, sure decline in physical and mental output. After a certain age, the average man commences to walk quietly down the other side of the grade. He can't earn as much because he can't do as much. The

will to do is vividly expressed, but blood in veins is sluggish and muscles are not responsive. It is quite unreasonable to expect this tired, world-weary body to pound ahead on the Youth schedule. Time, too, is rolling up the heavy artillery of accident and death. More things seem to happen to elderly people. The Great Adventure is always just around the corner.

I contend, Jim, that the shrewd man is like a fighter. He looks ahead, across the battle-ground of life. He says to himself, "I will build gun-emplacements of dollars, and I will smooth out all the roads before and behind me, by thrift. I will make it easier for me to resist Time's sudden attack. I will lay aside for that inevitable drive."

This line of reasoning is logical, Jim. I know several venerable men in my community who have absolutely no fear of the declining years. They have arranged to meet the attack. They can buy the physical comforts—the material things of life—they can resist months of hardship and reverse. They are strongly entrenched behind fortifications that Saving made possible.

* * *

I SEE a new problem arising in our town, Jim.

The opportunities for young men—chaps not out of their 'teens—are amazingly great. Where mere boys once earned ten dollars a week, it is

now possible for them to make five times that amount. There is labor storage. Plastic fellows are accepted and taught under stress of modern conditions. Their pay takes a jump and a leap in short order. They can almost pick and choose their tasks.

I see around me boys of fifteen and eighteen, at work in shops and factories, who, less than a year ago, were earning small incomes. They have grown suddenly affluent. Fifty dollars a week to a growing boy is either a force for great good or infinite evil. For money is power, and power is dangerous if not wisely directed.

These lads feel that they should employ the money as they see fit. It is theirs—they MADE it. Sometimes a fair proportion is turned into the home coffers—but there is too much over.

And more and more I see these young men squandering. They spend with a recklessness that appalls and frightens me. I never lose sight of the fact that spending is a HABIT. It grows upon people. It is quite as insidious as drinking or card playing. It fastens upon a man—particularly a young man.

It should be a part of every minister's work, and the leaders of clubs and fraternal orders, to tell these boys of ours the need of saving. Since more is made, the responsibility is greater. A golden hour has arrived for them. They can build a foundation for the future that will be five times as great and as substantial as the ones their fathers builded, for their earnings are greater. Think what it means to lay aside the wonderful nest egg, years in advance of the time ordinarily required. I have started a class of my own—I talk to fifty boys once a week at Ardon Hall—at night, when heads are cool and reasoning faculties automatically adjusted. I am making these boys feel the weight of the fine opportunity they hold. I am telling them what they can do if they save in proportion to what they earn. The remarkable part of it is, Jim, that they respond. Nine times out of ten, a boy will do the right thing if he only understands. There

are not enough patient souls, ready and willing to explain.

* * *

AND speaking of boys—I went over to see Old Conklin last Thursday. He is well past seventy, yet with a youngster's heart. At first I was inclined to feel sorry for him, as I opened the vine-covered doorway and saw the shabby gentility of the house and the utter loneliness—the lack of children's voices. You know, his good wife died some five years ago and all the children have flown from the nest. The old man is living there all by himself on Elmsford Road.

He came pattering out to meet me, in his slippers. But the moment I saw him I realized that he needed no pity. I had the wrong conception of that house and its occupant. He made me sit in the dim little parlor while he played the phonograph. And what do you suppose the records were—several of the President's war-time speeches, and "Over There" and up-to-the-minute propaganda of good cheer and right living, done into record form.

He had a reading table piled with recent magazines and his hired man was working a small tractor in the field. Things looked prosperous, despite the quaintness and the silence.

"Uncle Conklin," I said, "tell me something—how do you manage at your age to keep things moving so nicely? Never a week goes by that you do not bank something. And why keep at it? You have enough to make it possible for you to retire?"

He linked his arm in mine, and I could feel the pressure of it, and the tottery old figure snuggled nearer with sudden interest, as we went around the house and out into the pretty rose garden and then to the brow of a hill, where we could command a view of his fertile acres.

As he came to each unit, he told of how he had saved to make them possible—of how, as a boy, he had seen them happen—seen them grow—seen them spring into life.

"Thrift did it," he explained; "all

my days I have loved to see things grow, whether they were crops or good deeds, or home comforts or people's souls. I just can't stop BUILDING. It's part of me. I want to die when I stop being useful to my fellow men. I reckon that it's wicked, in God's eyes, not to work and to save. Nature does it, in her own way. Nature sets the example. Here I am, at the quitting and dying time of life, but I feel as young as thirty, I guess. It's because I have ALWAYS KNOWN PEACE OF MIND. It's the folks that don't save and build that do the worrying—and worry kills."

But something more tender and wonderful than even Thrift was behind his success—it was love. We wandered back into the same little parlor and he showed me the faded picture of a dear lady with white hair—and his eyes filled—and mine—as he kissed it, reverently.

* * *

SOMETIMES men go to the other extreme in banking their money. I had a talk recently with a farmer from Munro County. He drove over and waited for me in the office.

"My wife is after me to buy a new cream separator and an electric system for the house," said he, "and I'm not sure I ought to do it. These are War times. Nobody knows what is apt to happen next. I calculate that every dollar I don't actually need, for the conduct of my farm, ought to be salted away right here in this bank. Am I right?"

I shook my head.

"What sort of a cream separator have you?" I inquired.

He named an old-fashioned and out-of-date contraption that I knew to be poor.

"How many cows now?" I resumed.

"Eleven."

"Any trouble getting help?"

"Yes, my wife does most of the work in the dairy," he admitted.

"Much night work?"

"We never get to bed before ten or eleven and then up again before day."

"Go right in and draw a check for the price of your new separator and the electric lighting system," I advised; "it's doubtful economy to do without them. A separator will skim your milk twice as well in half the time. It will pay for itself in a year or less. It will save your wife, too. As for the lighting system—your place is too big now to be bothered with tallow dips and lanterns."

"But that's queer advice to come from a banker," said he.

"It's just the advice a banker is sure to give if he knows the true state of affairs," I retorted; "you'll have a great deal more to put into this bank at the expiration of the year. Make out your check."

* * *

THERE is a factory town near us, as you know.

The population is made up, for the most part, of families of small incomes.

All of the houses are wee houses, immaculate, and unpretentious. These people must count their pennies. Unfortunately, the town does NOT manufacture War's necessities.

It was decided to get up a "War Chest." This would cover all of the various financial demands of a given period.

I happened to be present when various members of the committee were discussing the project.

One man said:

"I am opposed to even attempting it. This village is too poor. The cost of living is very high. The individual could never fork over the amount, either in a lump sum or by promise, covering the year. No—let them give as they can afford to give."

But there was a stubborn man on that committee.

He was a student of banking conditions. He had been making investigations for more than a month, and he only smiled.

"I think it CAN be done—and with case," said he.

The other gentleman was overruled.

and the War Chest drive started, lasting one month.

The original quota was secured and eleven thousand dollars over. Down went the lid on that fat chest with a bang that must have echoed in the ears of the Man who had Doubted.

I talked with the Confident One.

"I knew before we started this," he explained, "that the community was frugal. I talked with bankers. These people save. They save more in proportion than families earning quite large salaries. Poverty makes them understand the NEED and the wisdom of saving. They came across promptly and without making a sacrifice that hurt. Keep your eye on the fellow in the modest little house."

* * *

IT is difficult to understand, but there are people who have never been inside a bank. They look up to it as a thing apart from their own lives and activities. Having never saved and having never known the comfort and pride of a bank book, they find no reason to enter such an edifice.

The other morning two young men entered our bank.

One was a depositor—the owner of a prosperous little trucking business. The other, a friend, had simply accompanied his companion, and was waiting for him while he transacted certain personal activities.

I was standing not far away, and I watched him. He looked around curiously, investigatively. He peered through the wickets, he saw deposits being made, and was obviously fascinated by the new vista.

I took the liberty of walking over to him and introducing myself. I was the friend of a mutual friend and could do it gracefully.

"Have you never been in here before?" I inquired.

"No," he admitted that he had not.

"Live in town?"

Yes, he had lived in the village for seven years.

And then he made this startling confession:

"This is the first time I have ever been in a bank in my whole life. Somehow or other, I have never had occasion to enter one. They have always been a mystery to me. I think this place is beautiful—impressive."

I took him to the vaults and to my private office and we had quite a talk. I made him see the human side of the institution. I gave him a little insight into the why and wherefore of a bank. He was constantly alert and deeply impressed. He had never known before—never known.

He gave me his promise that he would open a small account—and he kept his word. I always keep "open house" for the youngsters.

* * *

MR. SCHWAB, in charge of our aggressive shipbuilding plans, is famous for his ability to handle men.

He gets the best there is in a man—out.

He wins their confidence. The shipping programme has zipped along at a splendid pace since he began making his talks in the various yards of the country. They like Mr. Schwab—love him—trust him—bend to their tasks willingly, when he says the word.

Mr. Schwab is a very rich and a very influential man. Yet for all this, he came from the bottom up—was once a decidedly humble personage and knows what it means to swing a dinner pail and eat with his fingers. He gets down to earth with men and talks to them in their own language. He becomes a riveter when he's talking with a riveter.

And he is notably successful, too, in inspiring men to lead clean, saving, frugal, thrift lives. Steel workers are well to do. They all have a surplus—in banks.

Schwab employees work on a wonderful share-and-share-alike plan. Every man feels that he almost owns

stock in the steel mills. He is treated fairly and squarely.

How has Mr. Schwab brought this idealized condition to pass?

A humanized system!

We repeat—he talks to men **IN THEIR OWN LANGUAGE**. He is **NATURAL**, unaffected, direct, honest. He exudes collaboration and fair-mindedness. He knows there is a reason for all things and he states that reason in a way they can quickly and easily assimilate.

Too many Bankers talk in elaborated phrases when they tell about banking. They festoon it with flaunting verbal ornamentation. They surround it with magic and mystery. They deal in superlatives and intricate psychology.

The successful Banker is the man who states his case in simple language. For Banking is not intricate, after all.

It is very obvious and straightforward and uninvolved.

* * *

THERE will soon come another Liberty Loan.

It will be the fourth and most important.

Those who know, predict that the response will be more immediate and substantial than ever before. They are entirely optimistic. The people, as a people, now **WANT** to give. They see that it is a divine **PRIVILEGE** to lend the Government money.

When a man begins to show doubt and to hug his dollar a little closer, take him over to a map and point out the United States, clustered there in a common bond of patriotic freedom. And then tell him that these United States are his Security.



Obsessions of Some Government Functionaries

By **LEWIS E. PIERSON**,

Chairman of Board, Irving National Bank, New York

IN the atmosphere of Government, as for years we have known it in this country, there appears to be some quality which makes nearly impossible a proper relationship between this atmosphere and the other atmospheres which surround it. There appears to be, in this atmosphere of Government, some strange poison which in its milder effect, even upon the sound business man who goes into Government, causes him to view himself and his function with a seriousness not in the least justified by facts.

In a more serious form, it causes him to imagine that his is a heaven-sent function and that his chief duty

on earth is to discipline someone or to check something, to interfere with someone's plans, to throw the proverbial monkey-wrench into someone's machinery. In other words, he is disposed to exercise a function in which the destructive predominates and in which is to be found but little which may be of actual use in building up things.

In the third stage, and unfortunately this stage is not necessarily fatal, he becomes the great protector of the down-trodden, the enemy of oppression; and Wall Street, money-domination, etc., assume deadly form in his mind. At this stage he usually becomes famous in his home town as an orator.

Public Opinion Forming to Crush Germany

THAT the United States will demand a peace settlement which will forever render the German Empire incapable of repeating its assaults upon civilization is becoming clear from expressions of opinion in various quarters. Some of these expressions are quoted below:

MOTHER'S LOVE DOOMS KAISERISM

[From the Philadelphia "Public Ledger"]

The Kaiser and his crew should read and mark and inwardly digest a little story that Robert T. Small, our Washington correspondent, sent us the other day as having been told him by a Congressman newly returned from his constituents. The story was of an American mother who had lost an eighteen-year-old son in France. She was not wearing crape but a black band with a small gold star. Her heart was so full of a splendid pride that it had no room for futile grief. This was not remarkable or unique. American mothers all over the country have felt this way right along.

But what was mightily worthy of remark and would abundantly repay study by the miscreants who have infected mid-Europe with madness was what this American mother said about her boy not "dying in vain":

I should hate to feel that my boy gave his life in vain, she told the Congressman. There will be thousands of other mothers like me, and we will not agree that the United States shall ever make a patched-up peace with Germany which would permit of a repetition of this world sacrifice. If I thought any of the high authorities in Washington would dare consider a compromise peace with Germany I personally would lead an army of women to the national capital to mob them out of office.

There is the doom of Kaiserism pronounced by the most imperishable thing on this planet—a mother's love.

She knows that her boy is dead; but she knows in a new sense that there is "no sting" in such a death. It is a shining sacrifice upon the highest altar human hands have ever erected. He has made it—she makes it again. She has given immeasurably more than life that the just

and beneficent rule of the Great God shall be reestablished among them; and she is courageously content—though with a pitiful quivering of her woman's lips that are of the flesh and not of the new, serene spirit.

But just whisper to her that that precious life may have been wasted after all—wasted not because there is not power enough on the side of the right to give to this supreme sacrifice its proper and permanent value, but because weak-kneed politicians who stay at home and fight from swivel-chairs lack the grim determination to demand the final disarmament and deep burial of national thuggery! Just suggest that what her boy died to assert, other men will dodge the responsibility of branding indelibly upon the forehead of the Beast! Just hint that all that America fights for will be bartered away above the grave of her beloved! Just outline such a possibility to her and see what she says!

That is when the intolerable, incurable pain would plant its javelin in her heart. That is the one thing the motherhood of America will never endure. No talk of international amity or commercial gain or territorial bargaining or a setting up anew of "the balance of power" would ever convince the women of this nation that they were recompensed for having sent their boys to death to slay militarism and forever banish war, only to get a return to old conditions, with the old burdens, the old menaces and the old horrors hanging over every new cradle.

GERMANY SHALL NOT SIT AT THE PEACE TABLE

[From a sermon in the Fifth Avenue Presbyterian Church, New York, August 25, by Rev. Mark A. Matthews, D.D., Seattle, Washington.]

Every peace proposal heretofore suggested has been German made regardless of the pious or uniform lips or pens through which it has been filtered.

There shall never be a negotiated peace, nor shall the insidious propaganda for a negotiated peace be considered.

Germany shall be crushed and made to submit to terms of peace dictated to her by America and our Allies. The German people are just as much to blame as the Kaiser and his war lords. Therefore, there shall be no peace except that which fol-

lows absolute victory and the establishment of righteousness.

The peace terms proposed by the minister were:

1. Germany shall not sit at the peace table. She has forfeited every right to sit at a table where gentlemen of integrity and honor preside. She may watch the proceedings at the peace table from her seat in the cage of culprits.

2. The peace table shall be preceded by the court-martial in order forever to prevent Germany or any other nation from committing outrages which Germany has committed. We must first ascertain from Germany the commanding officer in charge of the submarines at the time of the sinking of the *Lusitania*. He must be court-martialed and shot. Who were the officers in command when Red Cross boats were destroyed, hospitals bombed, nurses killed and Belgium raped? These commanding officers must be court-martialed and shot. Every officer in command of a division or corps and who had authority to order or to prevent the outrages committed must be court-martialed and shot.

3. Germany shall surrender her sword, demobilize her army and surrender her navy.

4. Germany shall restore Belgium, repair every injury and repay, in adequate financial compensation, for every ruin she has wrought. She must return Alsace and Lorraine, free Poland, restore Rumania, Serbia and all parts of Italy and France injured or held by her. She must relinquish all claims on Russia and restore to Russia everything claimed in the recent farcical treaty with Russia.

5. She shall relinquish all hopes of again possessing her colonies. Palestine and Asia Minor shall be free of Germany and the bloody Turk. Constantinople and the Dardanelles shall be freed from all German and Turkish power. They shall be free to all the world.

6. Germany shall live on herself, within herself and to herself. She shall remain in isolation, in sackcloth and ashes for a hundred years. She shall not have during that period entrance to the political and commercial league of nations.

7. She shall be cut off from the commercial confidence of the world. She shall not be recognized as a trader among the civilized nations. Any merchant or any person, a citizen of this Government or of our allied Governments, who buys an article made in Germany for the next hundred years ought to be court-martialed and shot as a traitor to humanity and righteousness. It is a crime against humanity for a person to trade with an outlaw.

8. Germany shall submit to a protectorate over her mind and conscience for an indefinite period—at least for twenty-five years, or until we have trained the mind

of a new generation. Germany organized her present murderous mind through her universities. She must be saved from herself, and for the world's safety.

9. The Kaiser shall be exiled to some lonely isle, there to spend the rest of his life, and be permitted to read only literature which tells of the success, triumph, peace and prosperity of America and her Allies.

10. The seas shall be free. The world shall enjoy liberty. Militarism shall be crushed and representative, righteous government shall be established on the earth.

NO NEGOTIATED PEACE

[From a speech in the United States Senate, August 23, by Hon. Henry Cabot Lodge]

Our part and our business is to put Germany in a position where she can do no more harm in the future to the rest of the world. Unless we achieve this we shall have fought in vain. Congress and the President had no right to declare war unless they meant to do precisely this thing. Nothing less would justify our action. We are pouring out the best blood of the country, the blood of our chosen youth, upon the altar of patriotism. We are making every sort of pecuniary sacrifice. We are bearing an immense burden of taxation. We are mortgaging with our loans the future of coming generations. We have set aside for the time being the constitution under which individual liberty has been preserved and the country has grown and prospered. We have adopted measures which lead to the building up on one hand of a great bureaucracy, such as that which crushed and ruined Russia, and which, on the other, are stimulating the development of State Socialism.

No peace that satisfies Germany in any degree can ever satisfy us. It cannot be a negotiated peace. It must be a dictated peace, and we and our Allies must dictate it.

The victory bringing such a peace must be won inside, not outside, the German frontier. It must be won finally and thoroughly in German territory, and can be so won nowhere else.

We shall do it, but we must be above all propositions of a bargained peace, all suggestions of negotiations; deaf to every voice which would divert us from the path; deaf alike to the whimper of pacifist and to the wheedling or truculent appeal of the helpers of Germany. When Germany is beaten to her knees and the world is made safe by the arrangements which I have suggested, then we shall have the just and righteous peace for which we fight. In this way—and in no other—shall we obtain it. We shall obtain it because we are going to win. Let us but be true to our-

selves and we shall not then be false to any man.

DEATH PENALTY FOR THE LEADING CRIMINALS—GER- MANY TO PAY COST OF WAR

[From an Open Letter to Senator Lodge
by Richard H. Edmonds, Editor,
"Manufacturers Record," Baltimore]

After many years of preparation Germany and Austria entered upon this war for the express purpose of conquering and looting the world. The people of Germany, from the highest to the lowest, by the testimony of men like Muehlon, Thyssen and others, had no other thought than that of enormous personal and national profit, and to gain this they were willing to murder millions of men. The people of Germany glorified war. They glorified frightfulness and gave holidays to celebrate the most dastardly crime which up to that time had ever been committed on the high seas, the crime of the Lusitania. Unlike any other war in human history, viewed from the standpoint of supposed civilization, this was the most dastardly war known in the world's history.

The highwayman who carefully plans to commit murder in order to rob his victims is not as guilty as the whole German race, for the highwayman generally acts without long years of pre-determined effort. Germany, on the other hand, taught in its schools and in its family life, as well as in its military training, that war was its definite policy and that through war, which meant the murdering of millions of soldiers, Germany should extend its power over the world in order to loot other nations and thus to dominate the whole earth. It was the most diabolical, hell-devised scheme ever launched in human history. Millions of men have been murdered by Germany, and we should ever bear in mind that this is a definite war of murder. Tens of millions have lived in voiceless agony because their loved ones were facing the horrors of the battlefield. Women have suffered the fearful agony of the brutish lust of German soldiers, and the innocent, helpless children have died by the hundreds of thousands and even by millions because of Germany's crimes.

Shall there be no punishment for such criminals?

Germany has issued of bonds and currency for carrying on this war of murdering and looting more than \$30,000,000,000. This enormous sum was gladly and gleefully taken by its own people because they expected to have it repaid out of robbing the rest of mankind. Germany has taken from Belgium and France and other countries an enormous amount of materials,

foodstuffs, machinery, coal, ore, railroad cars, locomotives and money, estimated by some to aggregate in value between \$20,000,000,000 and \$30,000,000,000. In other words, Germany has already robbed the conquered regions which it has overrun of almost as much wealth as the amount of its war indebtedness.

Can civilization in any way whatever justify itself if it shall permit Germany to go unpunished by the failure to impose an enormous indemnity, certainly far exceeding the amount of bonds which Germany has issued for its war purposes?

Personally, I believe that the entire cost of the war to the Allies and to the United States should be imposed upon Germany, even if it takes that country fifty years to repay the amount, and if in doing so it becomes necessary to compel Germany and Austria and Turkey to repudiate all of their indebtedness to their own people due to their murdering war work.

Is it inconceivable that we shall permit Germany to repay to its people the \$300,000,000,000 which they have had advanced to country in staking it as a gambler upon the chance of winning the war and robbing others while the United States and England and France and Italy and Serbia have to bear for years to come the burden of carrying the indebtedness made necessary to stop the highwayman from his murderous campaign?

May I not, therefore, presume to suggest that this country should go farther at this stage of the war than you have done and definitely announce that the leaders in Germany and Austria guilty of bringing on the war shall with their lives have to pay the penalty which is enforced upon any other murderer, and that Germany shall be compelled to repudiate its war indebtedness in order that it may be able to bear an indemnity equal to the cost of the war to this country and our allies. In no other way can the people of Germany themselves be made adequately to appreciate the horrors which they have brought upon the world and in no other way can they be adequately punished for their crimes.

If we do not enforce upon Germany and its allies some degree of punishment such as I have here suggested, instead of merely compelling them to give up conquered territory, we shall have placed a premium upon murder and given encouragement for other wars whenever such black criminals can feel that there is safety from any personal suffering in a war to loot the rest of the earth. The death penalty upon the leading criminals and an indemnity great enough to cover the cost of the war to the Allies should be enforced if civilization is once and forever to say that there shall be no wars inaugurated by a band of robbers and looters for personal and national aggrandizement.

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The Gold Situation

By JOHN CLAUSEN, Vice-President Crocker National Bank,
San Francisco, California

NO more interesting chapter will be written in economic history than that which deals with the problem of the proper distribution of the world's gold supply. Probably there was never greater need than now for coöperation of our industrial and financial elements to devise a workable plan for control of an increased production of that precious metal.

A great man once said, "Necessity opens our eyes to the advantage of fresh principles," and as I see it this is now our position. The greatest war that the world has ever known has so altered conditions that new methods and customs must necessarily take the place of the old in order to keep abreast of the times. In reality, a very important issue is presented: namely, whether the standard of value of the world will in future be gold or become a combination of silver and gold, and if so, what effect such changes would have on the trading powers of nations.

It is obvious that if a bi-metallic standard were adopted as media, the question of the value between the metals themselves would become one of vital issue. Then again, there may be a scarcity of gold available as money for the purpose of effecting the sale or purchase of commodities, or as affecting the position of governments and banks and the availability of that precious metal in proportion to liabilities.

There are many interesting angles from which to view this important subject, but it may be of general benefit to recount what happened in this country during and after our Civil War, and in Europe since the beginning of the present hostilities.

As an inevitable result of government policy which had placed upon the banks a burden too heavy for them to carry, the financial institutions in New York and other sections were, during the Civil War, forced to discontinue

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specie payments, which subsequently brought about the suspension of the National Treasury.

At the beginning of 1862 a bill was introduced which had for its purpose the making of government notes legal tender, and although that measure was considered unconstitutional, it became law in February of the same year. The issue of greenbacks payable to bearer, after several amendments of this bill, was authorized up to a maximum of four hundred million dollars. When the greenbacks were issued it was expected that they would circulate at par with the gold dollar, containing 23.2 grains of pure metal, but a year after the first Legal Tender Act had been passed paper money had an exchange value equal to only 14.5 grains of gold. Its value rose in August, 1863, to 18.4 grains but fell in July, 1864, to 9 grains, which was its lowest point. The premium on gold was then such that a dollar in paper money was not worth more than 36 cents in gold coin.

The most striking example of profit-

eeing during that period was the Black Friday Conspiracy of September 24, 1864, when a group of speculators bought up large quantities of gold—creating an artificial scarcity—and as a result that commodity could only be obtained from this clique at ruinous terms. This brought about many failures, and to check gambling in gold and reduce the premium on it, the Anti-Gold Law was passed, but as it did not materially bring the premium on gold to a lower level, it was very soon repealed.

In June, 1862, Congress authorized the use of "postage and other stamps of the United States" because of the enormous increase in demand for small currency, notwithstanding the circulation of the so-called "Shin-plasters," which were issued in denominations of 5, 10, 20, 25 and 50 cents.

In some of the Western States attempts were made to maintain specie payments, after they had been given up in the East, but California alone had the distinction of remaining on a gold

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basis during the Civil War, and it was not until 1876 that gold again sold at par throughout the United States.

Since that period the more notable event was the panic of 1893, which was followed by a depression throughout the nation, with the result that a large amount of gold was drained from this country to Europe. The Treasury's reserve became so low in November, 1894, that a sale of Government bonds was resorted to; in fact, the stock of coin was reduced to such an extent that there were outstanding more gold notes than coin, leaving a part of the certificates represented by bullion in the form of bars. Again during February, of 1895, and also in July of the following year, strong syndicates headed by leading bankers in New York accomplished the difficult task of bolstering up the finances of the United States Government and it was largely due to

their activities that the United States remained on a gold basis. The success of these combinations had a far-reaching influence on business and as soon as it was seen that the gold obtained from abroad was not going to be lost at once as in previous bond sales, confidence was again revived and the financial position of the United States improved so favorably in the eyes of Europe that it was possible to float large blocks of American securities abroad.

RECENT EXPERIENCES

In August of 1914 foreign exchange became demoralized and to remedy that situation a gold pool was again created, when leading banks and bankers throughout the country joined in an agreement to provide for mail and telegraphic transfers to Europe in lieu of gold for export, which proved a helpful factor in restoring order and confidence.

For several years prior to the declaration of war in Europe the countries of France, Russia and Germany especially had been engaged in an eager competitive scramble for gold which resulted in the holdings of their great state institutions expanding rapidly. On this account, at the outbreak of the war we found them with what was up to that time the peak of their gold reserves.

The embargo which was universally adopted clearly demonstrates the desire of every commercial nation to control and retain its supply of gold. As far as the United States is concerned, other

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than the necessity of obtaining Government permission to export gold in coin or bars, its circulation in this country has not been restricted—although the efforts of banks and individuals alike are directed towards harmoniously coöperating with the Government in concentrating the nation's supply with the Federal Reserve Banks.

One of the most curious economic features of the present situation has been the strong light which it has thrown on the fact that it is possible to have too much of a good thing, even when that thing is gold. This is forcefully demonstrated if we glance at the financial position of the Scandinavian countries where the law has been carried so far as to relieve the government banks of the statutory obligation to buy gold, and coin it for all those who bring it in. This naturally prevented other countries dealing with Scandinavia from paying for purchases in gold, and the barter of commodi-

ties was the only means open for concluding commercial transactions.

It has lately been said that the world is divided into two classes of countries: those which refuse to accept gold and those which refuse to part with it. Sometimes it is asked how any one can possibly refuse to take gold in payment, but this is easily explained by the fact that gold in bars of foreign coins is not legal tender anywhere. No person in Scandinavia, for example, could be made to take gold bars or American Eagles in reimbursement for goods to meet a required payment in legal tender currency of that country.

There are comparatively few who really understand to what a great extent mere credit can be made to do the work of wealth, although the time will come when credit will assuredly break down unless it is built upon a solid foundation. The issue and circulation of paper credits throughout the leading nations of the world has been proportionately far greater than their hold-

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ings of gold and has naturally resulted in inflation on an alarming scale.

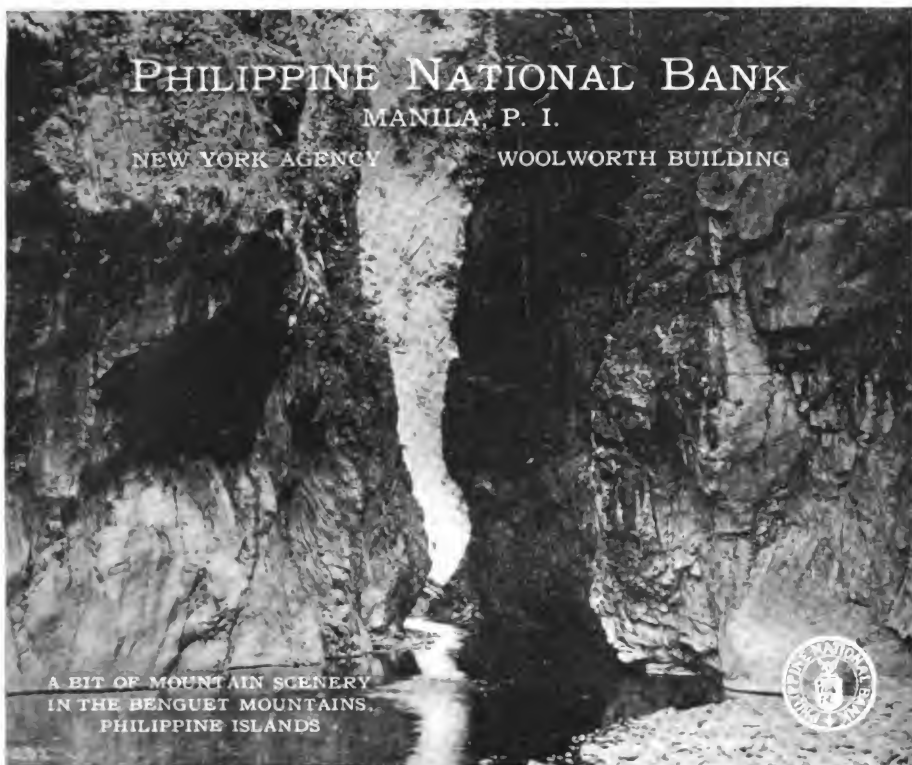
The thought, however, that Europe may possibly repudiate part of her war debts for the sake of reducing the amount of currency outstanding against government bonds or notes is obviously superficial. Finance has become an international, rather than a national, question and the monetary history of any one country tends to become more and more merged in the monetary history of the whole civilized world. International credit is firmly established on a gold basis and unless the flow of gold is not too strong in one direction no country has any interest in upsetting the present standard, although it is contended that notwithstanding a great production of new gold it may not necessarily make universal gold standardism possible, as it would be a mere drop in the bucket of our future needs. If the world's credit, therefore, is to be carried on after the war

with gold, every ounce that can possibly be produced will be required.

The production of gold is a vitally essential industry which, for obvious reasons, should be promoted to the fullest extent. It is very apparent, however, that with a fixed value for the yellow metal, together with the rapidly increasing cost of material, labor and transportation, this particular industry as now developed is seriously affected and it would seem inevitable that unless some form of Government relief—but only as a temporary war measure — is given to the producing mines, many of them will be compelled to discontinue operations.

In a letter addressed to the Hon. Charles A. Sulzer relating to the present conditions concerning the production of gold in Alaska, the Secretary of the Treasury clearly voiced the attitude of our Government when he stated:

I fully appreciate that with the rising cost of raw material and labor and with a fixed value for their output, the gold miners



are facing difficult conditions. I should be sorry, however, if for this reason there were any relaxation in the effort to produce gold. At no time has this country so much required the largest possible production of gold as at present. Next to food and ammunition, gold is one of the most needed war essentials. In order to place the enormous amount of Government bonds required to finance our war expenditures, a large credit structure will inevitably be erected on our gold reserves, and it is necessary that these reserves—which are the foundation of the structure—shall be maintained on the broadest possible basis. * * * The man or the community that maintains or increases its production of gold in the face of difficulties and discouragement is performing a patriotic service which deserves recognition no less than the more obvious but not more useful services that are more in the public eye.

There are people who argue that if the Government would agree upon a plan to increase the value of gold from \$20.67 to say \$40 or \$50 a fine ounce, it would make a settlement of obligations possible with only half the metallic requirement otherwise necessary to redeem outstanding paper credits.

This course, radical to say the least, would have a disastrous effect upon all credits and especially reflect upon the cost of living which, in all probability, would climb to limits beyond the reach of the average citizen. Increasing the value of gold or giving it a premium does not necessarily give it a higher purchasing power but, on the other hand, in the final adjustment seriously disrupts the basis of international credit.

ECONOMIC PROBLEMS OF PEACE

When peace comes all the world will be faced with a period of great financial and industrial uncertainty and to pass through it successfully will be a task that will need all the statesmanship civilization can muster. To increase this uncertainty by tampering with the standard of international payment would be an extraordinarily futile means of handling the situation and would only make the confusion worse confounded.

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have adopted gold as the basis of their currency system. The market price for it is everywhere the same and everywhere equally certain at the standard price of \$26.67 an ounce. It may be an anomaly that economic civilization should depend for means of payment on the supply of a particular metal, but it will take much ingenuity to find a practical substitute for gold and secure for it the popularity and confidence that gold now enjoys. The mere fact that it has been chosen by the most enlightened commercial nations is strong proof that it is the best single commodity for practical use as a standard.

The disproportionate distribution of gold among world nations attracts attention to the study of the part that this metal plays and is to play in future in the world's economic affairs and the question naturally arises whether the production of gold is keeping pace with the world's expansion of credit.

The vast obligations piled up by the

nations at war; the huge issues of paper currency; the refunding of debts and resumption of specie payments after the war, are among the most urgent and difficult problems with which the world will be confronted. This makes it only too apparent that gold is a necessity for the credit and financial unity of nations and it is therefore essential that an adequate foundation of gold must be created to uphold that system.

One of the first acts of the British Government after England was plunged into war was to insure that the gold which was being turned out of the mines should be safeguarded, and steps were taken for the deposit of their new holdings in Canada, South Africa and Australia to the credit of the Bank of England. This arrangement had many advantages and tended greatly to facilitate the concentration of the metal where it was most needed for the settlement of liabilities, and Great Britain has in this way used

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her gold unsparingly to meet obligations to neutral creditors.

The United States stands in the unique position of possessing more gold than any nation has ever before owned at one time, but if we are to perform the part that destiny seems to have laid out for us as to the world's banker, it will without doubt be necessary to further increase our gold holdings and for this reason encourage to the fullest extent the production of that metal.

The end of the war will find the old world not only disorganized industrially, but with a volume—just how large no one can foretell—of paper currency that can only be compared with our own greenbacks in the years immediately following the contest between the North and the South. "The problem of the world's currency after the war," says a great economist, "is not of course decipherable at this time. It involves

the question, 'When will the war end?' " There is little fear, however, that Europe will demonetize gold and carry out an economic revolution in changing the present standard, as it is evident that the effect of such a move would be almost as far-reaching as that of the war.

We are at the dawn of a bigger financial and commercial tomorrow, and while the situation is fraught with a great many difficulties, because there are no precedents for us to follow, we must face conditions as they exist and through frank and free discussion arrive at a practical and sound solution.

Let us hope that our united efforts will crystallize into a practical plan for the alleviation of the present critical situation, and that in the process of correction we may establish those principles which lie at the base of national welfare.

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(£5 = £1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

DIRECTORS.

E. ROSS DUFFIELD, Esq., *Chairman*
The Hon. HUGO BARING.
WILLIAM T. BRAND, Esq.
JOHN G. GRIFFITHS, Esq., M.V.O.

ROBERT A. THURBURN, Esq., *Managing Director*
KENNETH MATHIESON, Esq.
HERMAN B. SIM, Esq.
DAVID SIMSON, Esq.

LONDON BANKERS.

BANK OF ENGLAND.

LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2127 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency . . . 51 Wall Street,

W. R. ROBBINS, AGENT.

The Nederlandsch Indische Handels Bank of Amsterdam

By J. H. MUURLING

WHEN the compulsory system in the Dutch East Indies was abandoned there came a great opportunity for private exploitation of plantations. The establishment of this bank in 1863 was principally with a view of financing private planters and acquiring plantations. The huge revenues derived from these investments seemed extremely attractive until in 1884, when there was a panic. The chief profit lay in sugar, at that time still sold to Holland and the United States. The German beet sugar crop had expanded to such an extent that Java was practically shut out of the productive markets, and the prices dropped to a nominal value. It appeared now how closely interwoven the financial structure of the colonial finance had been. The banks were

shareholders, furnished the working capital, financed the imports, advanced on consignments so that a collapse in one line brought the whole structure to the ground. In this remarkable year, the turning point for colonial finance, the above bank was rescued by four prominent Dutch financiers, by the erection of a special agricultural company, which took over the possessions of the bank. Since that time it has become quite sound, standing on a purely banking basis, and in late years it has acquired sufficient capital and reputation to enter the international banking field. The crisis of 1884 brought about some changes in financial methods. The long blanket advances to cultivation and trade were abolished. Exports were financed against proper credits from third par-

ties. The acceptance, especially by London houses, shifted the risk of the banks and brought an open market for such bills of exchange, ensuring at the same time a greater amount of accuracy from the merchants. The commission paid for such acceptances was a mere trifle against the advantage of obtaining better exchange rates from the banks, to which gradually two British institutions were now also added.

Because no historical data are at hand about the development of the Handelsbank, merely the last balance sheet, that of December 31, 1916, is herewith given:

ASSETS

Cash on hand, with bankers and on call.....	\$872,000
Foreign bankers	668,000
Bills receivable	4,260,000
Loans on securities	3,244,000
Securities	1,144,000
Shares in corporations	180,000
do. Nederlandsch Indische Landbouw Maatschappij	4,800,000
Loans on merchandise	616,000
do. consignments	372,000
Debtors	6,580,000
Head branch at Batavia	6,000,000
do. advances	2,460,000
Buildings	180,000
Sundries	16,000

Total\$31,392,000

LIABILITIES

Capital	\$12,000,000
Surplus	5,600,000
Special reserve	320,000
Bonds	1,300,000
Deposits	2,320,000
Creditors	6,000,000
Bills payable	492,000
Reserve for taxes	560,000
Profit and loss	2,680,000
Sundries	15,000

Total\$31,392,000

The profit was almost double that of the year before, the dividend amounting to twenty-three per cent.

Because of difficulties with the mail the balance-sheet of the head office at



Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

"The Investment Situation"

Write for pamphlet L-I

Knauth-Nachod & Kuhne

Members of New York Stock Exchange.

**Equitable Building,
NEW YORK CITY.**

Batavia has not been published, as was the custom.

The Handelsbank has fourteen



Nederlandsch Indische Handels Bank,
Sourabaya Office

(Illustration by courtesy Netherland Indian Government Intelligence Office, New York)

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.



(\$0.50 = 1 peso)

Authorized Capital	(pesos) 10,000,000.00
Capital fully paid-up	4,500,000.00
Reserve Funds	2,000,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Ecompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

agencies distributed over Java and the other islands.

In the beginning of this year the authorized capital was increased to \$24,000,000—of which at once five million guilders were taken over by the shareholders.

For the other important investment, the Nederlandsch Indische Landbouw Maatschappij, the balance-sheet is available. It runs thus:

ASSETS

Cash on hand and with banks...	\$1,131,000
Securities	1,250,000
Invested surplus	1,236,000
Java bank	2,320,000
Ned. Ind. Handelsbank.....	72,000
Properties	810,000
Shares, Ned. Ind. Distillery....	120,000
Future crops	2,246,000
Advances on consignments	465,000
Debtors	126,000
Invested insurance fund.....	202,000
do. pension fund	107,000
Stock on hand	96,000
Non issued	1,200,000
Total	\$11,379,000

LIABILITIES

Creditors	\$2,120,000
Capital	6,000,000
Surplus	1,400,000
Depreciation fund	600,000
Insurance fund	278,000
Pension fund	149,000
Reserve against securities	200,000
Extra reserve	504,000
Reserve for taxes	48,000
Total	\$11,379,000

A dividend of thirty-six per cent. was paid for 1916.

The strength of the company is indicated by the fact that it owns eight centrals yielding nearly 801,000 long tons of sugar at a production price of about \$65.

The system of the Nederlandsch Indische Landbouw Maatschappij is not a distinctive factor. There are many similar companies or agricultural banks, administering or operating diversified plantations, such as the Koloniale Bank, the Handelsvereniging Amsterdam, while the Internationale

Foreign Exchange Department

Letters of Credit Negotiated

Arrangements can be made for the importation of merchandise through the use of dollar acceptances

Capital and Surplus \$2,250,000

OFFICES

Market & Fulton

81-83 Fulton St.
New York

Eighth Street

Broadway & 8th St.
New York

Aetna

92 West Broadway
New York

Flatbush

839 Flatbush Ave.
Brooklyn

New Utrecht

New Utrecht Ave. & 54th St.
Brooklyn

Long Island City

Bridge Plaza
Long Island City

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

Crediteten Handelsvereeniging, Rotterdam, combines this agricultural work with a huge import and export trade, and the agency of the Rotterdam Lloyd, a mail steamship line. The shares of such corporations are attractive as well for the good profits as for the combination of different risks, insuring a steady dividend.



The Price of Gold

THERE was held in London on July 3 a meeting of representatives of the gold mining industry of the British Empire, Lord Harris presiding.

Lord Harris related to the meeting the efforts that had been made during the past six months to induce the British Government to give consideration to the subject of the increased cost of producing gold. The meeting was brought together because so far individual efforts to obtain attention from

Government had produced no result, and it was felt that it was desirable that the industry as a whole should approach the Government collectively. In addition, Lord Harris, when before the Committee on Currency and Banking, was invited by the chairman to consult the industry and present their views to the committee. Sir Lionel Phillips detailed the steps he had taken to impress on the Government the unfairness involved in the present system, viz., that the producers are paid for their gold in currency at the same price as before the war, whereas that amount in currency is no longer able to procure the same amount of commodities necessary for the production of gold. The meeting then recorded:

(a) Its full recognition of the benefit to Great Britain and the wisdom of controlling the disposal of the gold output during the war; (b) its admission that, but for the protection of the British Navy, mining operations would have had to be suspended; (c) its as-

THE BANK OF CHOSEN

Incorporated by Special Charter of Imperial Japanese Government

Subscribed Capital, Yen 20,000,000

Paid-Up Capital, Yen 20,000,000

Head Office, Seoul, Korea

Principal Branches :

KOREA: Chemulpo, Pyongyang, Wonsan, Fusan

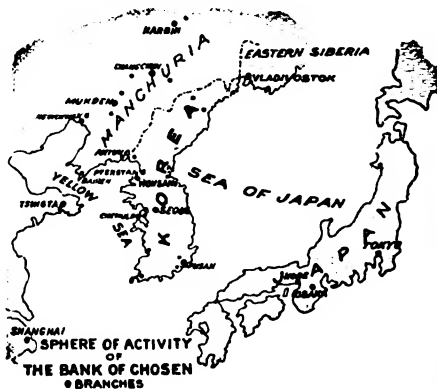
MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe

CHINA: Shanghai, Tsingtau

Affiliated Bank :

VLADIVOSTOK : Matsuda Bank



LONDON BANKERS: London City and Midland Bank, Ltd.

Principal American Correspondents :

Guaranty Trust Company of New York
Equitable Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco, Seattle and Vancouver

H. YASUDA, New York Representative, 120 Broadway

sumption that in the arrangement with the producers it was not intended to make profit or loss on realization.

But it laid emphasis on the other hand upon: (1) The fact that the price of other commodities has risen at least in the same ratio as the increased cost of their production, while gold, the cost of production of which has also increased greatly, has been paid for at the fixed standard price in currency which, holding in view among other things the rates of exchange, has not been equivalent to the actual value of the metal. The gold, moreover, has been used to regulate exchanges, which would have been still more adverse without it. Its value, therefore, has been greater than a calculation based solely upon rates of exchange would indicate. (2) The rise in the cost of freight, insurance, and refining charges. (3) The actual decrease and the imminent danger of a further diminution in the output because some of the mines

have become unprofitable to work; and the further consideration that mines which can still be worked at a profit are obliged to exclude lower-grade ore hitherto treated. (4) The general effect of gold upon trade, rates of exchange, and national credit.

The meeting was unanimously of the opinion that the losses suffered by the gold producers should not be entirely borne by them, for the reason that if they had been in a position to dispose of their gold in the best Allied markets they would have derived a greater value than they have received, and it consequently recorded its view that there is a case for equitable adjustment, and that if any restriction on the side of gold is contemplated after the war it is essential to find a formula for its purchase the fairness of which is beyond cavil. It may be added that the solution which the gold producers have in mind would not render it necessary to make any alteration whatever in the

Canada's Military Effort

The Dominion of Canada, with a population slightly more than that of Greater New York, shows a total enlistment of 552,601 men from the commencement of the war to June 30th, 1918.

The gallantry of Canada's sons at the front has been conspicuous. Thirty have won the coveted Victoria Cross; 432 the Distinguished Service Order; 1,467 the Military Cross; 939 the Distinguished Conduct Medal; 6,549 the Military Medal; 119 the Meritorious Service Medal.

Canada has given a notable number to the Air Service.

Canada has furnished several hundred doctors and veterinarians, about 200 nurses and hundreds of motor drivers.

Some 200 Canadian officers have been lent to the United States for instructional purposes, and a number of Americans have been trained on Canadian soil by the Instructional Staff of the Royal Air Force.

Union Bank of Canada

Head Office, Winnipeg

New York Agency
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents
F. T. Short }

mint price of gold. What is claimed is that they should receive a figure more closely approximating to its real value as measured by the exchanges than does the mint price. In view of the difficulty of arriving with absolute accuracy at a figure expressing the real market value of gold, and of the various factors which have to be taken into account, it is very doubtful if the gold producers ventured to state definitely what price they considered a fair one. It is more likely that the committee just appointed will draw up its statement of the case, and leave the Government's advisers to decide what price they are prepared to give the mines for their product. An important advantage of the exchange formula, if it were adopted, would be that as and when the exchanges were restored, the addition to the mint price payable to the producers would no longer be payable.

Views of American Gold Producers

REPRESENTATIVES of American gold mining interests, in session recently at San Francisco, adopted the following resolutions:

Whereas, gold production in the United States has declined from one hundred and one million dollars in 1915, to eighty-four million dollars in 1917, with a still greater decrease now taking place, the production of California alone having declined three million dollars in the first six months of the present year; and

Whereas, this decrease is principally due to the increased cost and shortage of labor and material, the price of gold, as our standard of value, being fixed by law at the invariable figure of \$20.6718 per ounce, thus being the only important product which has not obtained an increased market price due to the present war conditions; and

Whereas, under present conditions capital cannot be obtained for gold mining, but is generally being withdrawn wherever possible from the said industry; and

Whereas, on account of the increased cost

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	\$7,500,000
Paid-up	3,250,000
Reserve Fund	3,000,000

BANKERS: Bank of England; London Joint-Stock Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

of production with no increase at all in the market price of their product, many mines have been forced to cease operations in the last six months and many others are now running at a loss, and are about to be closed down or abandoned and from their nature will require years to be reopened, so that a large portion of the gold mining industry is now threatened with extinction; and

Whereas, a war emergency exists, which we are advised by our own government necessitates the maintenance, and if possible the increase of gold production of the United States, as of next importance after food and war munitions, being of vital importance as a basis for our continually expanding credits, which are increasing both for the financing of the war and for reconstruction after the war; and

Whereas, the gold resources of the United States are adequate to maintain our former production, and to afford under proper encouragement a substantially increased production; now, therefore, be it

Resolved, That it is the sense of this meeting that of all the various measures which have been suggested, the following will be most effective in maintaining and encouraging the production of gold in the United States; namely:

Relief by the United States to the gold producers of this country to correspond with the increased cost of production, the extent of such relief to be fixed from time to time to meet changing conditions.

That nothing contained in these resolutions as passed is to be construed as meaning an intention to alter the amount of gold in the dollar, nor to place a premium upon gold.



Lloyd's Bank, Limited

AT the extraordinary general meeting of the shareholders of Lloyd's Bank, Limited, held in London, August 7, the following interesting statement

was made by the chairman, Sir Richard V. Vassar-Smith, Bart.:

During the history of this bank there have been many occasions when the shareholders have been called together to consider proposals which tended to alter the character and policy of this bank. We may take the first in 1865, when the partners in the private bank of Lloyds & Co. called their friends together to suggest that a joint stock company be formed, to consist of themselves and one or two other private bankers, for the purpose of carrying on banking business in Birmingham and within thirty miles around. At intervals more or less frequent, other meetings were held, mainly to acquire neighboring banks, till 1884, when business was opened in London by the acquisition of the banks of Messrs. Barnetts, Hoares & Co., and Messrs. Bosanquet, Salt & Co., and Lloyds became one of the clearing banks, establishing a new position. From that time its extensions have been in the acquisition of English banks, but with one departure in 1911, when you consented to the formation of a new bank, to be called Lloyds Bank (France), Limited, a separate institution, but always described and known as our French auxiliary. On each of these occasions you have been told of the great importance of the proposals, of the increased strength of the bank occasioned thereby, and I am very happy to be able to say that none of these judgments have been wrong.

So much for the past, which I think justifies the action of the directors in making their proposals, and you in the confidence which prompted you to accept them. To-day I am about to ask your consent to proposals which may fairly be considered as surpassing in importance any of those previously sanctioned, and of inaugurating a new policy of overseas banking, which expression, however, is not quite accurate, as you have already adopted the French alliance, and also subscribed to the capital of the British Italian Corporation, of which Mr. Beaumont Pease is chairman.

Our proposals to-day are of two char-

Banque Populaire Suisse

ESTABLISHED 1869

22 BRANCHES

Paid-up Capital and Reserves, Francs 88,000,000



Head Office : BERNE

HEAD OFFICE :

BERNE, SWITZERLAND

Branches :

Basle, Delémont, Dietikon, Fribourg, Geneva, Lausanne, Montreux, Moutier, Porrentruy, Saignelégier, St. Gall, St.-Imier, Thalwil, Tramelan, Uster, Wetzikon, Winterthur, Zurich, etc.

Deposit and Current Accounts Opened

**Letters of Credit and Travellers' Checks
Issued and Paid**

Bills Negotiated and Collected

**Special Care Given to Documentary
Collections**

Documentary and Cash Credits Opened

TELEGRAPHIC AND LETTER TRANSFERS MADE

FOREIGN EXCHANGE BOUGHT AND SOLD

Correspondence Solicited

acters—first, the acquisition of an English bank, and, secondly, a controlling interest in a Scottish bank and a South American bank. With regard to them I think you have received much information from the Press, and so to save your time, I will read the announcement we made:

"The directors of Lloyds Bank, Limited, have pleasure in announcing that they have received the sanction of H. M. Treasury to the following arrangements. Subject to confirmation, they have agreed with the board of the Capital and Counties Bank, Limited, for the amalgamation of the two banks, on the terms of one Lloyds Bank share, plus £2 in cash, for each Capital and Counties Bank share. The Capital and Counties Bank, Limited, has paid-up capital £1,750,000, reserves and carry forward £1,150,000, deposits £60,000,000, and has had an honored history since its establishment in 1834. Its acquisition on favorable terms to the shareholders and customers of both banks gives to Lloyds Bank 473 new branches, 259 of them in new territory, and to the customers of the Capital and Counties Bank 668 of Lloyds Bank offices where the Capital and Counties Bank have not hitherto been represented in this country, and all the further facilities overseas. Seven of the present board of directors of the Capital and Counties Bank will join the board of Lloyds Bank, and the present

staff of the Capital and Counties Bank will be continued in the service in all respects as heretofore, including the present general managers of the Capital and Counties Bank, Mr. G. A. Harvey and Mr. E. D. Vaisey, who have agreed to act as managing directors of the Capital and Counties section of the amalgamated bank for a period of three years, and Mr. W. H. Gillett, the country manager of the Capital and Counties Bank, who will become an assistant general manager of Lloyds Bank."

With a view to facilitating business between England and Scotland, and placing many advantages, home and foreign, at the disposal of both banks' customers and others, an arrangement has been entered into by the respective boards for a union of interests with the National Bank of Scotland, Limited, by way of purchase of its shares. The National Bank of Scotland was established nearly 100 years ago, and has always held a high position among banking institutions in Scotland, with its head office in Edinburgh and 124 branches, including Edinburgh, Glasgow, and the principal cities and places in Scotland, and an office in London. Paid-up capital £1,000,000, reserve and carry forward £863,000, and deposits £29,000,000. The price offered to the stockholders of the National Bank of Scotland, Limited, is £350 (in 11 Lloyds Bank shares and £75 Na-

BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches : STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 60 other
Places in Sweden

(\$0.26 = 1 Kr.)

Capital Paid Up Kr. 30,000,000

Surplus Kr. 15,200,000

Resources About Kr. 319,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will find prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

tional War Bonds) per £100 paid stock, together with a sum of £5 10s in lieu of profits accrued to May 1, 1918, which in the ordinary course would be divided in January next. The purchase consideration will carry dividend and interest as from July 1.

There has been a growing want of closer banking connection between England and Scotland, which has to an extent been met by the opening by Scottish banks of offices in London. We have had a long negotiation with the National Bank of Scotland, mainly with the view of giving fuller opportunities for the Scottish industrial and commercial communities to take part in the anticipated development of trade, and we believe this joint interest will enable them to do so. As there is a distinct Scottish element in banking, with which we have no wish to interfere, we are in favor of acquiring this joint interest by the purchase of stock, allowing the present management to continue, rather than by a complete absorption.

The directors have also entered into arrangements with a view to the extension of facilities for British overseas trade, by a similar union of interests with the London and River Plate Bank, Limited, Head Office London, with 30 branches, including Buenos Aires, Bahai Blanca, and elsewhere in Argentina; Montevideo; Rio de Janeiro, Sao Paulo, Bahai, and elsewhere in Brazil; Valparaiso and Santiago; Paris and New York. Paid-up capital £1,800,000, reserve and carry forward £2,293,000, deposits £25,000,000. The terms offered to the shareholders of the London and River Plate Bank, Limited, are two shares of Lloyds Bank, Limited, for each share of the London and River Plate Bank, Limited.

Doubtless you will have noticed in the press that we applied to purchase the shares of the National Bank of India, and consent was refused owing to the objection of the India Government. This was a great disappointment, as we considered this to be a most valuable acquisition, tending to promote a large increase of busi-

ness between this country and India. I have received many letters from our customers who are interested in this trade expressing the value of such a connection to them. However, I still hope that it may only be a postponement, and not a final refusal, of our proposal.



Capital and Counties Bank Approves Amalgamation with Lloyds

APPROVAL of the proposal to amalgamate with Lloyd's Bank, Limited, was voted at the annual meeting of the shareholders of the Capital and Counties Bank, Limited, held in London August 7. Details of this merger have been published already.



Farrow's Bank, Limited

THE fourteenth annual meeting of the shareholders of Farrow's Bank, Limited, was held at Anderton's Hotel, Fleet street, London, E. C., August 6, under the presidency of Thomas Farrow, chairman and managing director.

The net profits of the bank, including the balance of £6,026 19s 8d from last account, amounted to £43,145 1s 8d. The directors had again added £15,000 to the reserve fund, had paid an interim dividend for the half-year ended December 31, 1917, amounting to £10,825 2s 5d; they recommended

the payment of a dividend for the year of six per cent., less income-tax, which would absorb the sum of £10,830, and they carried forward £6,189 19s 3d undivided profit to the next financial year.



The Hibernia Bank, Limited

DIRECTORS of the Hibernia Bank, Limited, submitted their statement of accounts for the half-year ending June 30, at the ordinary general meeting of shareholders held at the head office, College Green, Dublin, July 29. This report showed net profits for the half-year (after making customary allowances) £30,072, to which was added £10,086 brought forward from last account. The directors reported that £5,000 had been transferred to reserve fund (which now stands at £130,000), and £12,500 to investment account. There was applied to dividends for the half-year, at the rate of seven per cent. per annum, £17,500, leaving £5,158 to be carried forward.



Banque Francaise et Italienne Pour L'Amerique Du Sud

THIS institution had its annual meeting of shareholders on May 1. M. Noetzlin, as chairman of the board, was assisted by M. H. Chabert, representing the Banque de Paris et des Pays-Bas, and by M. Bégue, representing the Société Générale.

M. Oudot, co-manager of the head office of the bank, read the report of the board, showing that net profits amounted to francs 4,185,022, which made it possible to raise the dividend to nine per cent. after passing about francs 1,500,000 to extraordinary and legal reserve funds and augmenting the amount to be carried forward.

The Buenos Aires branch increased its deposits from francs 29,200,000 at the close of 1916 to francs 83,400,000,

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

part of which increase was due to the absorption of the Banco Suizo Sud-americano. From the general balance-sheet it is learned that the deposits rose from francs 115,586,000 at the end of 1916 to francs 246,338,000 at the close of 1917. Total of the balance-sheet, December 31, 1917, was francs 455,491,457.



British Banks in Merger to Increase Capital

THE London City and Midland Bank on completing the absorption of the London Joint Stock Bank will issue fresh capital, increasing the combined bank's paid up capital from £7,169,000 to about £8,200,000.

The new shares nominally of two pounds, ten shillings each, will be sold at five pounds each, whereof half will be credited to reserve, increasing the combined reserve funds also to about £8,200,000.



Philippine National Bank Adds Two Branches

TWO new branches of the Philippine National Bank have been established, one at Bacolod and the other at Aparri. These make a total of forty-seven branches and agencies of this bank in the islands.

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY. K. M. VAN ZANDT, Jr., H. C. HEAD, FCO. COUDURIER,
President Vice-President and Manager Cashier Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED TELEGRAPHIC TRANSFERS

Foreign Exchange Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE
REPUBLIC OF MEXICO. P. O. Address: Apartado 1546.

Dai-Ichi Ginko, Limited

OUT of the gross profit of this institution for the half-year ending June 30, 1918, general expenditures absorbed yen 6,218,077; there was added to reserve fund yen 1,100,000; dividends at twelve per cent. called for yen 1,104,000; bonus to directors, yen 122,940; officers' pension fund, yen 49,170, and there was carried forward to next account yen 1,016,502.

This institution—formerly the First National Bank—has its head office at Tokyo. Its paid-up capital is yen 18,400,000 and the reserve fund yen 13,300,000. Total of the balance-sheet as of June 30, 1918, was yen 327,231,077.



Standard Bank of South Africa, Limited

RECENT cables from the head office of the Standard Bank of South Africa, Ltd., to W. H. Macintyre, the New York agent of the bank, contain the information that, subject to avail, the directors have declared an interim dividend of fourteen per cent. per annum, less income tax; that the bank's investments stand in the books at less than the market at June 30 last, after making all other usual and necessary provisions.

Mr. Macintyre is also advised that arrangements have been made to establish an agency of the Standard Bank of South Africa, Ltd., in Rotterdam, the office to open about October 1st.

South American Trade Developments

FROM American Foreign Banking Corporation is obtained the following information on the above subject:

Evidences increasingly accumulate of the growing volume of South America's foreign commerce and of her closer trade relationships with the North. The latter are by no means due merely to war exigencies. Moral factors are progressively at work; national and trade friendships are becoming more intimate.

Mr. C. L. Hoover, American Consul at Sao Paulo, Brazil, remarks on the pronounced friendship of that country for the United States. He adds that trade conditions in Sao Paulo are good and emphasizes the need of more adequate representation for American interests. The State of Sao Paulo imported \$16,690,996 worth of American goods in 1916, a gain of \$6,500,000 over 1915 and representing thirty-two per cent of all imports. More American goods were sold to Brazil as a whole in 1917 than in any other year of the war. It is expected that Brazil, which a few years ago imported food for its own people, will henceforth export a substantial surplus.

Argentina's position in trade is indicated by the fact that though less than one-third the size of Brazil her foreign commerce is much larger. She is the chief exporting country of South America. The value of her imports, too, showed an almost steady increase in the pre-war years, with American goods in third place, Great Britain being first and Germany second. In those years this country stood fifth in the value of purchases from Argentina. Imports by Argentina in 1917 totaled \$107,641,905, against \$76,875,258 in 1916; her exports totaled \$178,245,833, as compared with \$116,292,647 in 1916.

The importance of another South American country—Bolivia—has greatly in-

creased because of her resources in minerals which are particularly needed at this time, such as tin, lead, bismuth and tungsten. Senor Adolfo Ballivian, Consul General for Bolivia at New York, states that the tin production of that country under present conditions amounts to sixty per cent. and the output of tungsten to twenty-five per cent. of the world's output.

Japan is alive to the opportunities in South America and is taking energetic steps to develop this trade. Imports from Japan by South American countries in the first five months of the current calendar year to-

taled about \$3,800,000, showing the remarkable increase of some \$2,800,000 over the same period of 1917. Argentina was the chief purchaser from Japan, with about \$2,200,000, and Chile second with \$875,000.

On the other hand, South America is finding in Japan an expanding market for her own goods. Her exports to Japan are, in fact, considerably in excess of her imports from that country. Argentina, in the first five months of 1918, sold about \$3,500,000 worth of goods, mostly wool, to Japan, and Chile sent \$2,600,000 worth, chiefly in nitrates.



Increase in Production—The Great Problem of Society

By GEORGE L. ROBERTS,

Assistant to President, National City Bank, New York*

THERE is no good reason as a matter of abstract justice why a man who performs a certain task in Mr. Ford's factory should get more pay than a workman who does similar work in another factory. All employers are not able to pay as high wages as Mr. Ford, but if wages are different in different shops, discontent is likely to result. It is an artificial and unsatisfactory state of affairs. But when Mr. Ford puts his surplus income into developing a new industry he does something that benefits the entire community. And that is the natural course of things in the business world; that is what business men generally do with their profits, and it has been by means of such investment of profits that industry has made its progress in the past.

We have two discussions or exposures of profits of late by Government authority—one by the Trade Commission and the other by the Treasury Department—in response to a resolution by the Senate, asking for information about profiteering. One interesting thing about these reports is that they show a very great variation in

profits made by different people in the same line of business—people presumably doing business under practically the same conditions, selling their goods in the same market and presumably at about the same prices. The people who have made large profits under these conditions are generally held to have committed a public offense, while those making small profits escape criticism.

Now the truth is that, given a fair field of competition, it is the man who makes large profits who is entitled to commendation. He is the leader in that line. He is the progressive, efficient man, who is developing new ideas. He is rendering a public service in the most economical manner, with the smallest waste, and he is accumulating capital for use in further development. He is one of the men who is carrying society forward. The man who is making no profit is doing no good either to himself or the public. It would be better for him to go to work for some better manager on a salary.

* Reprinted from "Number Eight."

America the Creditor Nation

Address before the National Convention of the American Institute of Banking, at Denver, Sept. 19, 1918, by JOHN E. ROVENSKY,
Vice-President National Bank of Commerce in New York

THE great world war, like a terrible tempest, is playing havoc with the complicated and delicate structures of finance and credit that men have so laboriously erected during the past two centuries in the various commercial countries of the world. The currents, cross currents, whirlwinds and tornadoes are demolishing the credit structures of some countries, shaking others to their very foundations; and, in keeping with the old proverb that it is an ill wind that blows no one good, the wreckage of one structure is sometimes carried and added to the structure of another country. The scene is ever changing. Up to the present time it would have been idle to guess the economic conditions in which the various countries will emerge from the war. We could only survey the scene from time to time as it existed at that particular time, well knowing that in the next instant an upheaval might occur, completely changing the outlook.

Now, however, with the end of the war in sight, it is possible to hazard a guess as to what the economic situation will be with respect to our country when peace comes. To do this with any degree of accuracy we must first look backward and observe the point from which we started at the outbreak of the war. Next let us carefully survey our present situation, and having

thus more or less accurately ascertained the direction in which we are going, we must estimate the approximate time it will take to win this war, and on these factors base our opinion as to where we shall be when the war is over.

We entered the war a debtor nation. We owed the world about five billion dollars in the form of securities of all descriptions and in property owned in the United States by non-resident foreigners. On the other hand, American citizens owned foreign securities and property to the extent of about 1,500 million dollars. Our net debt to the world was about three and a half billion dollars. This, however, was not the whole of our indebtedness. We also borrowed currently certain material as well as economic equipment. I use the phrase "material and economic equipment" for want of better terms. By these terms I mean that we used foreign ships to carry practically all our foreign trade; we used foreign insurance companies for the purpose of insuring our transported commodities; and we borrowed foreign labor to do a considerable part of our unskilled work. It is true that these terms were partially offset by investments made by Americans abroad, insurance premiums collected by American companies from foreigners, etc., but the debit items by far exceeded the credits.

Interest on securities and income of properties in the United States owned by foreigners	175 million dollars
Freight charges	25 " "
Remittances of foreign laborers.....	125 " "
Expenditures of American tourists abroad.....	150 " "
Insurance premiums and sundry other items.....	25 " "
Total net outgo.....	500 million dollars

As a result of these conditions, our *net* annual outgo to foreign countries, after deducting our foreign income from reciprocal business, was approximately the following:

Some authorities believe that the principal of our debt to Europe was slowly decreasing during recent years. Our average balance of trade was \$195,030,204 minus net average gold imports of \$2,360,445, showing a net average trade balance during the ten years preceding the war of \$192,669,759; therefore, the decrease, if any, was very slow and some authorities are inclined to doubt whether our debt was decreasing at all.

The European war caused tremendous changes in our relations, not only with the belligerent countries, but with the entire world. The belligerent countries had been in the past among the most productive in the world. They rapidly changed to abnormal consumers of materials, and contemporaneously their production of other than war material decreased to the lowest point. We were called upon to supply not only the deficiency in production of the countries at war, but we were also compelled to fill the deficiencies in the supplies of the neutral countries caused by decreases in the exports of the belligerent countries. Two-thirds of the civilized world, formerly countries of the highest productivity, became countries whose consumption of non-war materials far exceeded their production. The neutral nations that remained in more favorable positions were naturally called upon to supply the necessities of others. The United States, being the greatest nation so situated, was called upon to a greater extent than any other.

The unprecedented demand for our products and the high prices resulting therefrom have had the effect of reducing consumption and increasing production to an extent that one would hardly have deemed possible. The result was an exportable balance of products that greatly increased our former favorable trade balance. This in turn resulted in the rapid repayment of our

debts to foreign countries, the repayment taking the form of the repurchase of our securities. While no exact statistics are obtainable, it is probable that our net debt to foreign countries was practically extinguished about two years ago.

Our entry into the war accelerated the movement I have just described by curtailing consumption and stimulating production, and we were able to produce a great exportable balance of materials, notwithstanding the fact that our own requirements had been greatly increased by the necessity of equipping, transporting and supplying an army. The part played by America in the economic side of this war will doubtless pass down into history as one of the greatest achievements of this period. America's heritage of natural resources of deposits of ores, coal and oil, forests of excellent timber, and water power in abundance is second to none in the world. In addition, it is the largest and most fertile agricultural country situated in the temperate zone, the world's choice strip of land where every form of life reaches the highest state of perfection. It is peopled by a nation whose high degree of enlightenment makes them the most efficient workers. These factors combined make the United States one of the greatest economic forces of this era, and all its power is now concentrated upon one object—that of winning the war. The result is that not only have we supplied all our own normal requirements and those of the great army we are marshaling, but we are able to supply our Allies with the materials so necessary to their existence, and to some extent to meet the requirements of the dependent neutral nations.

The result of this great economic achievement has been that our credit balances abroad have rapidly increased. At the present time our international financial position is about as follows: Prior to the outbreak of the war there were held abroad in the form of stocks, bonds and other securities about four billion dollars. In addition, foreigners resident abroad owned property in the

TABLE SHOWING CHANGE IN THE INTERNATIONAL FINANCIAL SITUATION OF THE UNITED STATES SINCE THE OUTBREAK OF THE WAR

	(In million dollars)	
	Dr.	Cr.
United States securities held abroad at beginning of the war.....	4,000	
United States property owned by non-resident foreigners.....	1,000	
Excess of gold imports over exports, July 1, 1914-July 1, 1918.....	1,040	
Foreign securities and other property owned by American citizens at beginning of war.....		1,500
Excess of merchandise exports over imports, July 1, 1914-July 1, 1918		10,110
Excess of silver exports over imports, July 1, 1914-July 1, 1918.....		195
Using this estimate as a basis, we are now a creditor nation to the extent of	5,765	
	11,805	11,805

NOTE.—Interest accruing on securities owned by foreigners and other current income has not been calculated, as these items are probably offset up to the present time by interest accruing on the debt of foreigners to us, etc.

United States worth about one billion dollars; in other words, the amount of foreign capital invested in this country at that time was roughly about five billion dollars. Since the outbreak of war the net imports of gold amount to about one billion dollars. This makes a total on the debit side of our balance sheet of about six billion dollars.

On the other side of the sheet we find the following: American citizens owned foreign securities and other property worth about one and a half billion dollars. During the war, up to July 1, 1918, we exported more than we imported merchandise to the extent of about ten billion dollars. We exported more than we imported silver during the same period to the amount of about 200 million dollars.

From this it will be seen that we are today a creditor nation to the extent of

over five and three-quarter billion dollars.

Here it may be interesting to analyze how our huge favorable trade balance was financed; in other words, what did we receive in exchange for the commodities we exported?

The merchandise trade balance plus the silver export balance amounted to a little over ten billion dollars. In return for this we received gold to the extent of about one billion dollars; we had returned to us about two billion dollars of our own securities that had been held abroad; and we arranged to loan our Allies and other foreign countries about seven and one-half billion dollars. This makes a total of about ten and one-half billion dollars. The difference between this figure and the export balances mentioned above amounts to a quarter billion dollars.

TABLE SHOWING NET FOREIGN TRADE BALANCES AND METHOD OF FINANCING SAME SINCE JULY 1, 1914

	(In million dollars)	
Excess of merchandise exports over imports, July 1, 1914-July 31, 1918	10,110	
Excess of silver exports over imports, July 1, 1914-July 31, 1918....	195	
Total.....		10,305
Excess of gold imports over exports, July 1, 1914-July 31, 1918.....	1,043	
United States securities repurchased January 31, 1915, to January 31, 1917	1,743	
United States repurchased since January 31, 1917 (estimated).....	250	
Loans by United States Government to Allied countries up to August 1, 1918, less unavalled balances of loans and less \$60,000,000 credit by Argentina	6,029	
Loans by individuals to foreign countries to August 31, 1918.....	1,500	10,565
Balance.....		360

This amount is probably represented by loans that have been made to Allies and others and have not yet been used, increase in cash balances of foreign banks in the United States, merchandise paid for and not yet exported, etc.

If we estimate the end of the war to come in about a year, it is safe to assume that we shall during that time increase our credit abroad to the extent of at least three billion dollars. We shall therefore emerge from the war a creditor nation to the extent of about nine billion dollars.

Now let us consider what will be the result on the annual national income and outgo of this change in the international financial position of our country. Formerly our annual payments of interest, less income from similar sources, amounted to about 175 million dollars. Now we shall have a net income from that source of about 450 million dollars. Formerly we paid freight abroad annually to the extent of about 25 million dollars. Now it is quite likely we shall have a substantial income from this source.

Let us assume that the other items on our annual income and outgo sheet will remain stationary, although it is quite likely that in most cases our income will be increased and our outgo decreased. However, changes in these items are not of sufficient importance to materially affect final results. The net result will be that, while formerly we had a net annual outgo of about 500 million dollars, we shall in the future have a net annual income of about 175 million dollars.

Our average net trade balance during the last ten years was in our favor to the extent of about 490 million dollars. It is quite probable that after the war we shall keep up this volume of favorable trade balance; in fact, it is likely that the volume will increase. Although there will be a decline in Europe's normal purchases due to her impoverished conditions, there will on the other hand be an increase in her purchases of materials needed to bring her productive mechanism up to its former standard.

Let us assume, however, that our

trade balance will be the same as the average for the ten years before the war. We would then have credits piling up annually abroad from interest, etc., as stated above, to the extent of 175 million dollars. In addition, we would have to our credit a balance of trade to the extent of 490 million dollars; a total of credits piling up annually in our favor of 665 million dollars. In other words, the world will be owing us about 665 million dollars more each year than the year before, unless they currently pay us this net income.

We now come to the most important phase of the whole question: in what manner will the foreign countries pay us the income on our foreign holdings? I have already stated that in all probability we shall export merchandise to an extent that will result in a large trade balance in our favor.

It is impossible that these credit balances due us annually could be settled by the shipment of gold; the foreign countries could not part with such a large amount of the metal that forms the foundation of their currency and credit systems. Furthermore, we certainly would not desire settlement in this form, as we would soon have more gold than we could healthily absorb, and further gold shipments would lead to inflation that might have disastrous results.

What has been the experience of other creditor countries in this respect?

I shall say nothing regarding the repayment of the amount of the principal due us. The experience of other creditor nations has been that they find it more profitable to leave their money abroad than to withdraw it for employment at home. Interest rates in creditor countries are likely to be lower than in debtor countries. Consequently the creditor nations find it to their advantage to permit the principal amount to remain invested abroad.

In almost every instance we find that the same reasons which influence creditor nations not to withdraw their investments from abroad also cause them to reinvest abroad their surplus income from such investments. Doubtless our

experience will be the same. The war has introduced a number of foreign security issues on our exchanges. The list is growing steadily, and it will doubtless continue to grow after the war. While the market in this country for foreign securities is today confined largely to Government and municipal securities, it will doubtless in time expand to include securities of railways, steamship companies, manufacturing, mining and other enterprises. Not only will American money be invested abroad through the medium of securities marketed in this country, but doubtless direct investment will also be made in the form of American manufacturing and mercantile enterprises established in foreign lands. South America has already been benefited to a considerable extent by the introduction of American capital, and the Far East presents limitless opportunities for the investment of our capital.

It was fortunate that the Federal Reserve Act was passed just as the war started. It is difficult to even imagine what might have happened had we entered the war period with our previous antiquated and unreliable banking mechanism. It is certain that we could not have financed the war with our old equipment, and it is highly probable that we should have had a financial breakdown with most disastrous results. The efficiency of the Federal Reserve System is proven by the smoothness with which we have financed the greatest financial operations in the world's history. Not only has the Federal Reserve System been able to handle these tremendous operations expeditiously and with the minimum amount of disturbance to our money markets, but it has been found to be very economical in the use of gold. In former years the United States was the greatest hoarder of gold in the world and probably got a smaller percentage of use out of it than any other country in the world. Prior to the outbreak of the

war we held about two billion dollars of the precious metal, and with that great amount we were unable at times to efficiently finance even our own domestic trade. To-day, with three billion dollars, we are able not only to finance a domestic trade that is at least double if not treble that of former years, but in addition to handle the tremendous operations of our Allies and a large part of the trade of neutral countries.

About ten years ago, speaking here before the Pennsylvania Bankers' Association and advocating the establishment of a central bank (the Federal Reserve Banking System is nothing more or less than a form of central banking), I predicted that America, with its great natural wealth, ideal climatic conditions and enlightened population, would inevitably become the leading financial nation of the world, but that before that could take place it was absolutely necessary that its antiquated banking system be replaced by more modern machinery. Modern machinery has been adopted, and it is safe to say that the American banking system to-day is more efficient than that of any other country.

By the time the war is over, America will be one of the leading creditor nations of the world, a financial center from which a large part of the world's economic forces will be directed, where the debits and credits of the world's trade will to a large extent be cast up and settled. World banking on a scale hitherto undreamed of will be the order of the day. The star of financial and economic supremacy that has been traveling westward since the dawn of civilization, from the Orient to Greece, Rome, Western Europe, and that now rests over London, will again move onward in its course and—cross the Atlantic. In contemplating this picture there spreads before our eyes a vista of a world of boundless opportunities which await young American bankers of the present generation.



An Aggressive, Able and Patriotic State Bank Examiner

IN these days, when so much depends upon the careful management of the banking institutions of the country, an excellent opportunity for efficient services is presented to the officials in the various states who are charged with the supervision of the banks and the administration of the laws designed to safeguard the interests of the people and of the banks as well.

An excellent type of these officials is Mr. George H. Van Stone, State Bank Examiner of the State of New Mexico. Mr. Van Stone, while carefully looking to the enforcement of the banking laws of his state, does not consider the present an opportune time to construe such laws harshly or to impose restrictions that would unnecessarily hamper the operations of the banks in the discharge of their legitimate functions to the community. He has, however, frowned on any attempts to use the banks to promote speculative ventures, or to employ their funds directly or indirectly in such channels. He has consistently and vigorously advocated the policy of devoting the banking resources of New Mexico to the fullest extent possible to the prime object now confronting the country—the winning of the war. Through letters addressed to the banks he has frequently made appeals to their spirit of patriotism, and with good results.

Mr. Van Stone comes of banking ancestry, being a son of Thomas Van Stone (a native of Devon, England), who was the founder and until his death in the present year a director of the Toledo (Ohio) Savings Bank and Trust Company. He was for many years vice-president of this institution, and was also a director of the First National Bank of Toledo.

George H. Van Stone was born at Toledo and educated in the public

schools there. His early employments included the following: Soda fountain boy in a drug store; messenger, clearing-house clerk, correspondence clerk, discount clerk and paying teller in the First National Bank of Toledo. He



GEORGE H. VAN STONE
State Bank Examiner of New Mexico

later became a bookkeeper for the "V" cattle ranch in Lincoln county, New Mexico; a wool buyer in Colorado, Wyoming and New Mexico; general manager and president of the Hughes Mercantile Company, Torrance county, New Mexico; secretary of the Santa Fe Chamber of Commerce, and State Bank Examiner, his appointment to the latter office becoming effective April

1, 1917. As will be seen, he came to this position with a wide experience in banking and mercantile affairs.

The New Mexico Bank Act (passed by the Legislature of 1915) was so amended by the Legislature of 1917 as to become practically a new law which had to be interpreted and put into workable practice by the present State Bank Examiner. To enable bank directors to readily familiarize themselves with the new Bank Act, Mr. Van Stone got out his "Primer of New Mexico Banking Law for Busy Bank Directors"; rather a departure from beaten paths, but which has met with favor.

One of Mr. Van Stone's cardinal principles in administering his office is directors should direct, and he has adopted the practice of taking all important matters straight to directors through circular letters and publications, and with good results.

He believes in the widest publicity in all matters pertaining to banks and banking conditions, and after each call for report of condition he compiles a condensed statement showing figures for all banks in New Mexico, which statement is widely circulated, going to practically every bank outside the state that has correspondents within it as well as to all banks within the state.

Mr. Van Stone has consistently held his office to the policy of "Win the War Now" and has done everything that it seemed possible to do to boost that policy by helping Liberty Loans, Red Cross, Y.M.C.A., War Savings Stamps and other activities of like nature. He has interested his office in securing a better sale and a better price for New Mexico "pinto" beans through enlisting the interest of the National Government in that direction. He has successfully co-operated with efforts to secure Federal aid for stock growers and the banks that carry loans to them.

It is Mr. Stone's belief that the chief reason for supervision of banks is to make the depositors' money safe and that the best way to do that is to make the banks themselves safe by keeping them sound and profitable. In carrying out this policy he acts on the assumption that bankers are clean, able business men and treats them accordingly; his experience has been that they believe in reciprocity and that they have met him more than half way. He fully recognizes the wonderful opportunity for service and constructive work which his office affords during this time of unusual and trying conditions, and sincerely hopes, in a degree, to measure up to his opportunity.



The President's Appeal for the Liberty Loan

"This will be our final demonstration of loyalty, democracy and the will to win; our solemn notice to all the world that we stand absolutely together in a common resolution and purpose. It is the call to duty to which every true man in the country will respond with pride, and with the consciousness that in doing so he plays his part in vindication of a great cause at whose summons every true heart offers its supreme service."

President Wilson.

Book Reviews

ACCOUNTING THEORY AND PRACTICE.

By C. F. Rittenhouse and P. F. Clapp. McGraw-Hill Book Co., N. Y. C. Price, \$2.50.

The purpose of this set, consisting of a manual and nine accounting books or forms, is to provide practice material for students of advanced bookkeeping. It is not at all a treatise on the theory of accounting.



AMERICAN RAILWAY ACCOUNTING. By H. C. Adams. Holt & Co., New York. Price, \$3.00.

The chief aim of this book is to explain accepted accounting rules and by so doing make clear what is meant by a scientific system of accounts.

This analysis of a standardized system of business records will be helpful to

(1) Young men who are studying current industrial problems.

(2) Accountants in foreign lands who desire to learn what this country is doing as a help to the solution of their local problems.

(3) Practical accountants who have charge of records of public service industries of all sorts.



EMPLOYMENT DEPARTMENT AND EMPLOYEE RELATIONS. By F. C. Henderschott and F. E. Weakley. La Salle Extension University, Chicago.

Managers and others interested in employment problems from the modern point of view will find this pamphlet a most helpful guide.



DESCRIPTION OF INDUSTRY. By Henry C. Adams. Holt & Co., N. Y. C. Price, \$1.25.

In this book, economic principles are dealt with, not as abstractions, but as living forces at work—the world of

business is described in such a way as to lead the student to an intelligent appreciation of the forces that control.

Some of the chapter headings are: Factors of Production, Laws of Price, Credit System of Exchanges, etc.



JAPAN AT FIRST HAND. By J. I. C. Clarke. Dodd, Mead & Co., New York. Price, \$2.50.

This volume gives the very latest facts about Japan, gathered at first hand by a writer on Oriental affairs.

It gives a description of the Japanese people, their country, homes, religion, education, industries, government, politics, finance, and includes many striking pen portraits of statesmen and leaders in business.

We should welcome this opportunity to replace erroneous statements with accurate, unprejudiced information.



PROBLEMS IN COST ACCOUNTING. By D. C. Eggleston. Appleton, New York. Price, \$2.50.

This book presents a series of practical problems on cost accounting.

The problems deal with many kinds of manufactures, giving concrete examples of financial situations as will be met in actual practice.

Especially well adapted to the use of the young business man or accountant who wishes to familiarize himself with practical accounting methods and procedures.



SECRET OF TYPEWRITING SPEED. By Margaret B. Owen. Forbes & Co., Chicago. Price, \$1.00.

Stenographers and business offices will find this book invaluable because it leads to efficiency, accuracy and speed.

Tells how to overcome bad habits in typing, how to write a perfect letter,

how to save lost motion, and while telling about the care of the typing machine, it also tells the stenographer

how to care for the human machine and acquire the best health for business purposes.



Give the American Merchant a New Bill of Rights

[From "The Corn Exchange," published by the Corn Exchange National Bank, Philadelphia]

THE rule of reason which the Supreme Court used some years ago in its interpretation of the Sherman law does not legalize concert of action among competitors in the domestic market in any matters which normally involve competition. It is said that this is the only country which has a law expressly prohibiting such action.

The original purpose of the Sherman law was to undo the chain of evils wrought by the reprehensible methods of a few trusts. That having been accomplished, it was hardly intended that the law should shackle merchants engaged in legitimate operations. It was not intended that demoralization resulting from unbridled competition should be encouraged or that overproduction, one of the principal causes of business disaster, should be stimulated. Yet that is the result which comes from the application of certain provisions of the law.

Although the stability of trade and industry may be jeopardized, nevertheless, unrestrained competition cannot be interfered with, even though no monopoly is possible or intended. What recourse, then, has the American merchant against ruinous competition?

Trade agreements are openly adopted in Great Britain without condemnation from the courts of that country.

Now we have the Sherman law, Clayton law and the Federal Trade Commission law—all purely regulatory if not restrictive in their effect on business. It is important that business should be regulated; it is equally important that it should be steered into broad channels where free movement may be unhampered and progress not unduly retarded.

The Trade Commission was recom-

mended by President Wilson for the purpose of giving "advice, definite guidance and information" to the American merchant, but no one seems to know just how the President's ideas can be put into practice by the commission under the law creating that body.

It would, of course, be a broad departure from established principles to condone co-operation in place of competition and individual action. It would open up an untried field of economic development in this country—the exploitation of an idea which has, however, been tried out in other countries and found to be a stabilizing factor in trade and industry.

But some high lights have appeared which point to a broader conception of the relations among competitors and of the element of trade restraint in the operation of trusts, so called. There is the Webb bill permitting combinations of domestic competitors in the export field; there is the decision against the Government in its suit against the United Shoe Machinery Company.

To stabilize our foreign trade surely we should first secure stability in our home markets. Could not this be attained by methods whereby competing merchants may coöperate in matters wherein coöperation may be economically useful? The Trade Commission is neither endowed with the power to direct business into these channels nor, under the Sherman law, would it have the legal right to do so.

Revise the Sherman law and enlarge the powers of the Federal Trade Commission so that business may be directed and promoted along lines of legitimate coöperation.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baughert, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Blize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Eklrch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.

Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.
Logan, John, cashier, Columbus State Bank, Columbus, Mont.
Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Conhalm, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
 Lannig, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
 Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
 Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY



A New Magaztne

THE extent to which filing has risen as a department of office management appears from the launching of a new magazine devoted to that subject.

"Filing," the name of the new magazine, is unique in covering an exclusive field. Its purpose is described by its title. "Filing" is published by Filing Incorporated, 320 Broadway, New York, of which Rowland W. Jolly is president and treasurer. Mr. Jolly is known in the publishing world through his long connection with the Ronald Press and the Gregg Publishing Company.

The first number of "Filing" contains an article on Central Filing in Big Corporations, by W. Herbert Gilley

of the Mutual Life Insurance Company; the Development of a Trust Company's Statistical and Information Files, by S. Eugenia Wallace of the Guaranty Trust Company of New York, and a story, "Jimmy Filerite," by John M. French.

Other permanent departments, besides the editorials, are: "Rules and Reasons," devoted to the answering of questions by members of the filing fraternity, and a review of the latest business books.

The demand for information on filing and indexing is undoubtedly large and growing and the magazine, which is issued at \$1.00 a year, should find an important field for its activities.

Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS: 1,010,300.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier



Equitable Trust Company, Uptown Building, 45th Street and Madison Avenue, New York

Equitable Trust Company's New Uptown Office

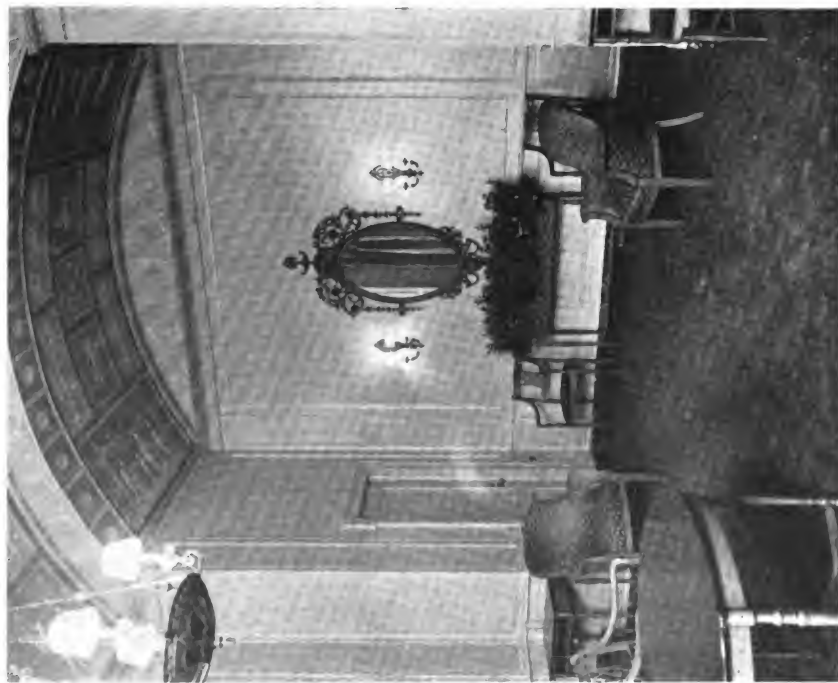
ANOTHER important step in the growth of New York's uptown banking center, which has been developing north of Forty-second street, was taken recently in the opening of the new uptown office of the Equitable Trust Co. of New York, in the new Equitable Trust Building at Forty-fifth street and Madison avenue.

The section is most appropriate for banking purposes by reason of its location. Being in the heart of the uptown hotel and business district, it is easily accessible to the city's great railroad terminals and transportation systems, the new office being in direct connection by tunnel with the Grand Central Station. The locality is also the focus of all surface and subway lines.

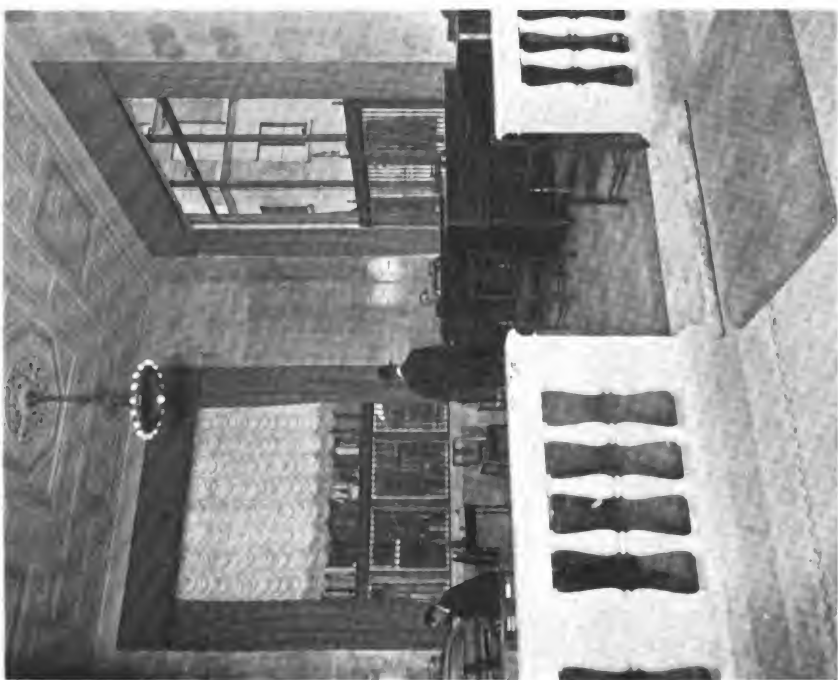
It is within easy reach of Fifth avenue, while Forty-fifth street, a wide cross street, when extended will be the natural outlet for motor traffic from Park and Vanderbilt avenues.

This new uptown Equitable Trust Co. office is particularly well adapted to handling the banking business of New York's great transient cosmopolitan population. As a development of a great international banking institution it is well suited to accommodate the business of visitors at the city's large hotels. Visitors bearing letters of credit from foreign countries or having other financial affairs of international character to transact will find the office most convenient and accessible.

Moreover, a large volume of the busi-



Corner in Ladies' Department



Partial View of Officers' Quarters

New Madison Avenue Branch Equitable Trust Company



PHOTO: CO-OPERATIVE PRESS

ALVIN W. KRECH

President and Trustee Equitable Trust Company of
New York

ness of transferring funds to soldiers abroad and to their families in this country will be handled through this office. This feature of its activities makes additionally desirable its convenience of access to patrons of hotels and uptown residents.

In the new building the architects, Messrs. York & Sawyer, collaborating with the officers of the company, have provided every facility for the convenience of the bank's patrons, efficiency and service in the transacting of financial business having been the chief aim.

In keeping with the modern tendency, the desks of the officers of the institution are so arranged as to make access to these executives easy for those wishing to consult them.

Special attention has been paid to the ladies' banking department, which is in charge of an experienced and thoroughly competent banking woman, who will at all times be at the service of ladies seeking advice in financial matters.

Not only will this department care for the routine transactions of the lady patrons, but will offer a great variety of service, made possible by the institu-



Public space in Main Banking Room



Entrance to Safe Deposit Department

tion's various functions, which are a part of the organization of the uptown office.

A feature of special interest in the ladies' banking department is the commodious and artistic club room adjoining the banking office.

To afford seclusion for the examination of documents and for private conferences large and comfortable private rooms have also been provided.

The company's modern safe deposit vault in the building embodies the most approved devices to insure absolute security, and it is said to be the only public vault in the city which is proof against attack with the oxyacetelene torch.

Large, well ventilated coupon rooms

are provided for the use of patrons of the safe deposit department, and a most complete ventilating system covers every part of the banking quarters, as well as the inside of the vault.

Careful attention has been given to render the working conditions of the clerical force pleasant and convenient, with an aim to the greatest efficiency of service.

Richness of tone and warmth have been carried throughout the scheme of arrangement and decorations. The beautifully modeled panels of the ceilings and the grille work around the working spaces especially have elicited comment from an artistic standpoint.

Having in view the important developments in uptown banking in New York, the company has provided in its new banking rooms facilities equal to those of the great downtown banks, realizing that big business will be transacted more and more above Forty-second street.

The capital of the Equitable Trust Company is \$6,000,000, surplus and profits nearly \$14,000,000, and total deposits over \$230,200,000. Alvin W. Krech, the executive head, occupies an important position in New York financial circles. He has led the institution over which he presides along a safely progressive course, never straining for large figures in the balance-sheet, but at the same time making all needful expansion to meet a steadily increasing business. Mr. Krech, besides being president of the Equitable Trust Company, is identified with a number of other important financial, railway and industrial corporations.





Main Office of the Worcester Bank & Trust Company, Worcester, Mass.

Worcester Bank & Trust Company, Worcester, Mass.

WHAT has proved to be one of the most successful bank mergers that has ever taken place in New England was that of the Worcester Trust Company and the Worcester National Bank, which was completed January 16, 1917. During the months that have elapsed since that time all the various details of the merger have been successfully worked out and the main office of the institution removed to the new building prepared for its occupancy on Franklin street, opposite the City Hall.

The consolidation of these two institutions, which was brought about by interests identified with the Worcester National Bank, headed by its president, John E. White, provides one of the

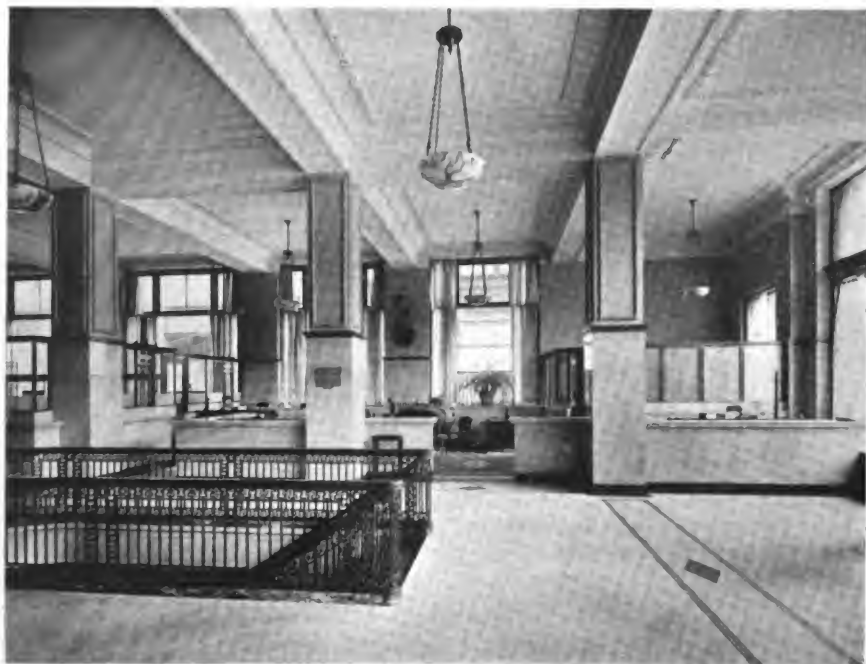
most important industrial communities in New England with a banking institution controlled and officered by local men and with sufficient resources to enable it to handle financial business of any magnitude.

The capital of the combined institution is \$1,250,000; surplus and profits, \$760,000; deposits, \$22,000,000, and total resources, \$27,000,000. The assets of the trust department are something over \$5,300,000 additional.

The institution is known as the Worcester Bank & Trust Company, having combined the names of the old Worcester Bank and the Trust Company, whose charter was one of the first trust company charters granted in this country. The original institution was



Main Banking Room, Worcester Bank & Trust Company



Officers' Quarters, Worcester Bank & Trust Company



WILLIAM D. LUEY
Chairman of the Board



JOHN E. WHITE
President

Worcester Bank & Trust Company

known as the Worcester Safe Deposit & Trust Co., commercial banking being a very minor feature in those days. The name was changed to the Worcester Trust Company in 1904, when it took over four of the national banks of the city—the First, City, Citizens and Central, and later the Quinsigamond National. At that time the stockholders voluntarily assumed the 100 per cent liability, now a part of the provision of all trust company charters.

The Worcester National Bank, the other party to the consolidation, was one of the oldest banks in the United States, having been organized as the Worcester Bank in 1804, under a state charter. During the 113 years it was in existence there were probably fewer changes in its officials than in any bank of its age in the country. With it have been connected some of the most honored names in the history of Worcester and its vicinity, and no bank had a

sounder reputation or greater local prestige.

The new building on Franklin street is particularly adapted to the uses of a large trust company, the main banking floor, mezzanine and second floor being devoted to the business of the bank, while the basement is given over to the safe deposit vaults. The building is finished in Botticini marble, with bronze grilles, and the walls are tinted in such a way as to emphasize the natural lighting, which is unusually brilliant. The officers' quarters are convenient and spacious, and the whole air of the building is inviting.

One of the historical features of the banking room is the clock which was presented to the Worcester Bank seventy-five years ago by one of the directors, and another interesting relic is an ancient snuff box which was formerly passed around at the meetings of the board.



President's Private Office, Worcester Bank & Trust Company



Directors' Room, Worcester Bank & Trust Company

The complete success of the merger will be understood when it is stated that the bank now has considerably more deposits than both institutions had at the time of the consolidation, in addition to which customers have drawn on the bank and paid for over \$10,000,000 in Liberty bonds.

The personnel of the company is as follows: Chairman of the board, William D. Luey; president, John E.

White; vice-presidents, Henry P. Murray, Samuel D. Spurr and Charles A. Barton; treasurer, Alvin J. Daniels; secretary, B. F. Sawyer; cashier, F. M. Hedden; auditor, Charles F. Hunt. The head of the Trust Department is Samuel H. Clary, vice-president and trust officer.

Mr. Luey was vice-president of the Worcester Trust Company from its organization and president since 1905. He



Safe Deposit Vaults, Worcester Bank & Trust Company

came to Worcester from the Millers River National Bank of Athol, Mass., to become president of the First National of Worcester, and when that institution was merged with the Trust Company, he was made vice-president.

Mr. White was formerly president



Mezzanine Floor, Worcester Bank & Trust Company

of the Martha's Vineyard (Mass.) National Bank and came to Worcester as president of the Worcester National in 1915. He was at one time auditor of the Commonwealth of Massachusetts. Although a young man, Mr. White has already taken an important position in New England financial circles, and it was due to him that the merger was so successfully brought about.

Messrs. Murray, Clary and Daniels

have been connected with the company since before its reorganization in 1904, and Messrs. Spurr and Hedden were valued members of the staff of the Worcester National.

Besides the main office, the company operates three branches. It has a board of thirty-five directors which include many of the leading professional, manufacturing and business men of Worcester.

The company's latest statement of condition is as follows:

ASSETS

Cash in office.....	\$859,557.28
Due from Federal Reserve Bank	1,600,082.24
Due from other banks.....	1,488,372.91
United States Securities.....	2,879,650.00
Other stocks and bonds.....	1,612,297.64
Loans and discounts.....	17,715,911.44
Real estate	459,130.86
Domestic and Foreign Acceptances	152,000.00
Acceptances purchased	150,000.00
Other assets	98,993.47
	<hr/>
	\$27,015,995.84

LIABILITIES

Capital stock	\$1,250,000.00
Surplus and undivided profits	760,227.31
Deposits	22,023,333.36
Reserves	83,960.17
Dividends unpaid	52.50
Acceptances	152,000.00
Re-discounts, Federal Reserve Bank	1,375,422.50
U. S. securities borrowed....	1,371,000.00
	<hr/>
	\$27,015,995.84



Los Angeles Institution Celebrates Twenty-eighth Birthday

TWENTY-eight years ago, when the financial importance of Los Angeles was an unknown quantity, several financiers of that day saw a golden opportunity for a new bank in that city. The undertaking was launched October 7, 1890, when the Guaranty Trust & Savings Bank first opened its doors. The home of the bank was at 114¹/₂ South Main street, in a narrow store, at the south end of the Grand Opera House building. The bank's paid-up capital was \$100,000 and the city at that time had a population of 50,000, the deposits on January 1, 1891, totaling \$82,840. Thus in harmony with the usual commencement of nearly all undertakings that reach eventual greatness, the bank's beginning was small and conservative. Its policy was then as now, one of progress and conservatism—continually insuring better and larger facilities and increased service to its patrons, yet holding fast to those financial principles which experience has proved sound. The wisdom of this method of banking is demonstrated in the gradual yet successful growth in the amount of deposits and the number of customers drawn from all quarters of the southwest. January 1, 1892, saw the deposits amounting to \$297,123.64, a growth of more than \$115,000 in one year. In 1894 the bank with deposits of \$492,714.38 outgrew its original cramped quarters and moved into what then was termed the "beautiful and commodious banking quarters" at the northeast corner of First and Main streets. Here it remained until 1906, its deposits in the meantime growing to \$5,118,233.86, a gain of more than \$4,500,000 in twelve years. In 1906 the directors decided to absorb the Union Bank of Savings and the consolidated banks occupied the banking room at this address until 1908.

When this merger took place W. E. McVay and J. F. Andrews, who had long been associates with the Union Bank as cashier and assistant cashier, respectively, continued in an official capacity under the new regime and they have well earned the position of vice-



DR. M. N. AVERY
President Guaranty Trust & Savings Bank,
Los Angeles, Cal.

presidents, which is now their official titles. Progress, ever the watchword of the bank, dictated another move to larger quarters and from 1908 to 1913 the bank occupied the entire ground floor and basement of the building at the southeast corner of Spring and Fourth streets. This seemed to be a

move in the right direction, as the deposits increased more than ten million dollars and the number of depositors nearly doubled.

June 24, 1912, a complete trust department was added and on January 1, 1913, the number of depositors was 44,369, and the deposits more than \$19,767,000. The business center of the city in the last ten years had moved southward and it was determined to seek a new location in keeping with the remarkable growth of the bank's business. The present site was selected and on June 15, 1913, the bank opened its doors on the ground floor and basement of the Union Oil Building, a magnificent corner location at Seventh and Spring streets.

The president, Dr. M. N. Avery, has been with the bank since its inception,

acting as its first secretary, so it is just and fitting that he should be at its head, a position he has held for many years. He was first elected president in 1899, serving in that capacity until its consolidation with the Union Bank, when he was vice-president until January 12, 1910, at which time he was again elected president.

Dr. Avery is a noted figure in the financial world of this great southwest and enjoys a national reputation as a conservative yet progressive banker. That the bank has grown in twenty-six years from 664 depositors at the end of the first year, with deposits of \$82,840, to more than 60,000 depositors with deposits of twenty-three millions in 1918 is largely due to the untiring efforts of Dr. Avery and the efficient organization with which he has surrounded himself.



Changes in Federal Reserve Board

PAUL M. WARBURG has retired from membership of the Federal Reserve Board, of which he was vice-governor. His term of office expired on August 9, and he decided not to accept a reappointment.

Mr. Warburg's retirement makes the second vacancy in the board this Summer, Frederick A. Delano having resigned voluntarily in July in order to accept a commission as Major in the Quartermaster Department of the Army and engage in railroad building and operation in connection with the American Expeditionary Force in France.

W. P. G. Harding has been reappointed governor of the Federal Reserve Board. Mr. Harding was first appointed governor on August 10, 1916, and now enters upon his third successive term in office. He is also

chairman of the board of directors of the War Finance Committee.

J. A. Broderick, examiner of Federal Reserve Banks, has been appointed secretary of the Federal Reserve Board to fill the vacancy caused by the resignation of Dr. H. Parker Willis, to become professor of banking in Columbia University.

Mr. Broderick was formerly connected with the banking department of the State of New York. He introduced a system of foreign exchange department examinations that has proved of value. While engaged on this work he went to Europe to examine banking branches there.

In 1912 Mr. Broderick organized the Credit Bureau of the New York State Banking Department. He is a member of the New York Credit Men's Association.

Banking and Financial Notes

EQUITABLE OPENS BRANCH OFFICE

The Equitable Trust Company of New York has been authorized to open and operate a branch office of that institution in the City of Bordeaux, in the Republic of France.

TATE, OF THE GUARANTY TRUST, GOES TO FRANCE

Assistant Treasurer Edmund P. Tate of the Guaranty Trust Company of New York has sailed for Paris to take charge of the Bureau of Personnel of the American Red Cross in France, and has received a commission in the army. Mr. Tate has gone abroad in response to a cabled request from Major James H. Perkins, who succeeded Major Grayson M. P. Murphy when the latter resigned as head of the American Red Cross in Europe to enter military service on General Pershing's staff.

Mr. Tate has been associated with the Guaranty Trust Company since 1905. He entered its employ at the age of fifteen as a messenger, and advanced rapidly through the mailing, filing, registration, stock bookkeeping, collection, and auditing departments. Early in 1915 he became Purchasing Agent of the company. In February, 1916, Mr. Tate was made assistant chief clerk, and in September, 1916, he was appointed chief clerk. In September, 1917, he was made assistant treasurer. Last November, Mr. Tate took charge of the treasurer's office of Hero Land and discharged his arduous duties with marked success.

AN EXCELLENT PUBLIC SERVICE

An example worthy of emulation is found in the plan of a number of New York savings banks of accepting Liberty Bonds for safe deposit without charge. Their action is of great in-

terest to hundreds of thousands of people who have invested in Liberty Bonds of small denominations and who are without means of keeping their securities safe from fire and burglary.

A separate department for the handling of Liberty Bonds is made necessary by the adoption of this plan, but it simplifies the process of handling the business. One of its advantages is the doing away with individual departments for bonds. The plan simply surrounds the depositor's Liberty Bond with the same safeguards to which the cash depositor is entitled without bringing a new organization into existence.

A person who is not a depositor may



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD,
D. W. McWILLIAMS,
WILLIAM J. WASON, JR.,

Vice-Presidents

THOMAS BLAKE, *Secretary*
HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

become one by starting a savings account, thus obtaining the privilege of depositing Liberty Bonds.

CHANGES IN KNAUTH, NACHOD & KUHNE FIRM

Wilhelm Knauth has retired as a general partner from the firm of Knauth, Nachod & Kuhne, New York, and James F. Shaw has been admitted as a general partner. The firm is now constituted as follows:

Oscar L. Gubelman.
Rollin C. Newton.
James F. Shaw.
Mrs. Mary Whitman Knauth.
Mr. Shaw will sign for the firm.

QUARTERLY DIVIDEND OF 5 PER CENT

The Board of Directors of the Guaranty Trust Company of New York has declared a quarterly dividend of 5 per cent. on its capital stock for the quarter ending September 30, 1918, payable on that date to stockholders of record September 20, 1918.

STANDARD BANK OF SOUTH AFRICA

A cable message has been received by W. H. McIntyre, New York agent for the Bank of Africa, 68 Wall Street, New York, from the head office of the bank in London, reading as follows:

Subject audit directors declare interim dividend 14 per cent. per annum less income tax. Bank's investments stand in the books at less than the market value at 30th June last, and all other usual and necessary

provisions have been made. Mr. Macintyre has also received advices to the following effect:

"Arrangements have been completed for establishment of agency of this bank in Rotterdam and it is hoped that the office may be open for business in about three weeks' time."

NEW ASSISTANT CASHIERS AND AUDITOR AT THE IRVING NATIONAL

On the third of September the following appointments were made by the board of directors of the Irving National Bank of New York:

Horace A. Marsland, William H. Pangburn, Percy W. Hulse, Clifford O. Corwin, Clarence C. Howard and Wilmer P. Harriman, assistant cashiers, and Eugene D. Junior as auditor.

With the exception of Messrs. Howard and Harriman, who until recently have been with the New York Central and Pennsylvania Railroad Systems, respectively, all of these newly appointed officers have been in charge of various departments of the bank and are well known among its customers.

NEW RULES OF THE NEW YORK CLEARING HOUSE

In accordance with the protest and suggestions of other large cities, the New York Clearing House has adopted the following rules for collections of acceptances outside of New York:

Section 6. (a) On acceptances of banks, bankers, and trust companies located in Federal Reserve cities (except New York City) and cities where Federal Reserve



The Chemical National Bank of New York

(Established 1824)

An Historic Landmark of the Banking World

Because it calmly maintained specie payments throughout the financial cataclysm of 1857, our grandfathers called this bank "Old Bullion."

The nickname may have been forgotten, but not the methods by which it was earned.

Those methods, modernized to suit the times, still characterize "Old Bullion" of to-day and keep unbroken the institution's record of the past century.

We are seeking new business on our record.

branches are at present, or may hereafter be established, purchased for their own account by member or clearing non-member institution, the charge shall be one-fortieth of 1 per cent. on items payable at the Federal Reserve Bank of New York two days or less after receipt; one-twentieth of one per cent. on such items where credit is available at said bank three or four days after receipt, and one-tenth of one per cent. on such items where credit is available at said bank eight days after receipt. The above charges apply to the above items whether collected through the Federal Reserve Banks or otherwise.

(b) All notes or other time obligations not provided for in Subdivision A of this section, purchased for their own account by member or clearing non-member institutions, payable elsewhere than in New York City, shall be subject to a charge of not less than one-tenth of one per cent., except that in the States of Florida, Louisiana, Mississippi, New Mexico, North Carolina, and South Carolina the charge shall be not less than one-eighth of one per cent., provided, however, that on notes or other obligations for discount or purchase taken from banks, bankers, or trust companies, with or without their indorsement, maintaining an account with the member bank discounting or purchasing the same, with

the understanding that payment is to be provided at maturity in New York exchange at par, the charge shall be discretionary.

NATIONAL CITY COMPANY OPENS UPTOWN OFFICE

The National City Company has opened an uptown office at 514 Fifth Avenue, southwest corner of Forty-third street, with every facility for caring for the wants of its customers.

STATE BANK INCREASES CAPITAL

The State Bank of New York has increased its capital from \$1,500,000 to \$2,000,000.

MR. HILLMAN WITH THE EQUITABLE TRUST

John H. Hillman, formerly with Hambleton & Co., has become connected with the bond department of the Equitable Trust Company of New York.

BUILDERS PUBLICITY MAN ENTERS THE SERVICE

Uncle Sam has called for aid in his service William C. Lengel, publicity director for Hoggson Brothers, the New York and Chicago bank building specialists. Mr. Lengel has been called to Washington to take charge of the pub-



Photo by Robert N. Davis

WILLIAM C. LENGEL
Publicity Director for Hoggson Brothers

licity in the employment management division of the War Industries Board. He spends two days a week in Washington for the Government and the balance of the week in New York for his firm. It is an unpaid job, Hoggson Brothers contributing Mr. Lengel's services for the time he devotes to the Government.

ACTIVITIES OF THE PUBLIC NATIONAL

The stockholders of the Public National Bank of New York, at a special meeting, have approved of the following propositions:

To amend Section 2 of the Articles of

Association so as to change the location of the branch now at the southwest corner of Broadway and 26th Street to 1121 and 1123 Broadway and 7 West 25th Street.

To amend Section 5 of the Articles of Association of this bank so as to increase the capital (par \$100) from \$750,000 to \$1,000,000.

To adopt the necessary resolutions fixing the time when and the terms and conditions under which the increase of \$250,000 in the capital shall be issued to shareholders.

FUNERAL OF JOHN BURCKHARDT

John Burckhardt, cashier of the Commonwealth Bank, formerly the Germania Bank of New York, was buried, September 5. Mr. Burckhardt was connected with the bank for forty-three years. He was made assistant cashier in 1906, and appointed cashier last December. He was born in New York sixty-three years ago and was a member of the Metropolitan Museum of Art, Monroe Democratic Club, Pastime Athletic Club and Lincoln Lodge F. & A. M.

AN IMPORTANT MISSION TO THE FAR EAST

The newly formed Asia Banking Corporation of New York has despatched to the Far East William C. Lane, vice-president of the Guaranty Trust Company of New York, who is a director of the Asia Banking Corporation, and Ralph Dawson, recently elected vice-president of the Corporation, on a mission of considerable importance. They will be joined later by Crawford M. Bishop, former director of the Far Eastern division of the bureau of foreign and domestic commerce of the Department of Commerce. The commissioners will study financial and economic conditions of Northern China, Manchuria and Siberia, spending a brief period in Japan before proceeding to Shanghai and Peking. The trip will extend over several months.

The organization of the Asia Banking Corporation, with \$2,000,000 capital and \$500,000 surplus, all subscribed, is an important step in the development of American financing and trade in the Far East. The new corporation is prepared to increase its cap-

"The Bank That Service Built"

THE

SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,598,000
Deposits	60,453,000

S. G. BAYNE, President	
C. C. THOMPSON, Vice-President B. L. GILL, Vice-President W. K. CLEVERLEY, Vice-President L. N. DeVAUSNEY, Vice-President H. W. DONOVAN, Cashier	O. M. JEFFERDS, Asst. Cashier C. C. FISHER, Asst. Cashier J. D. SMITH, Asst. Cashier B. I. DADSON, Asst. Cashier J. E. ORR, Asst. Cashier

DIRECTORS		
SAMUEL G. BAYNE WILLIAM K. CLEVERLEY EDWARD J. CORNISH MICHAEL J. DEGNON	HENRY C. FOLGER BENNETT L. GILL EDW. H. R. GREEN PETER McDONNELL	JOSEPH SEEP CHARLES C. THOMPSON DAVID H. E. JONES

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

ital according to requirements. Among its stockholders are the Guaranty Trust Company of New York, the Bankers Trust Company, the Mercantile Bank of the Americas, the Anglo & London, Paris National Bank of San Francisco, the First National Bank of Portland, Oregon, and the National Bank of Commerce of Seattle. The total capital and surplus of these banks is \$88,620,000. Charles H. Sabin, president of the Guaranty Trust Company of New York, is at the head of the new corporation.

The Asia Banking Corporation purposes to engage in international and foreign banking in China, in the dependencies and insular possessions of the United States, and in Siberia. The head office is at 66 Liberty Street, New York City, and an agency will probably be established in San Francisco. Preparations are being made to open branches in China, and, as a preliminary step, a central branch will be established in Shanghai. The present plans contemplate also the establish-

ment in the future of branches in Hankow, Peking, Tientsin, Harbin and Vladivostock.

CHATHAM AND PHENIX ABSORBS THE PEOPLES

The business of the Peoples Bank, located 393 and 395 Canal street, New York, has been taken over by the Chatham and Phenix National Bank. The Peoples Bank is a State institution, and was organized about fifty years ago. It will be operated as a branch of the Chatham and Phenix National. The capital of the Peoples Bank is \$200,000 and its surplus is \$534,000. Its deposits average about \$5,000,000.

MR. NEILSON GOES TO THE MERCANTILE

After an experience of more than twenty-six years with Brown Brothers & Co., of New York, James A. Nielson has accepted the position of vice-president of the Mercantile Bank of the Americas, and will hereafter devote all



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY
Vice-President
WILLIAM H. STRAWN
Vice-President
NORBORNE P. GATLING
Vice-President
H. A. CLINKUNBROOMER
Vice-President
ROLFE E. BOLLING
Vice-President
WALLACE T. PERKINS
Vice-President
WALTER B. BOICE
Asst. Cashier
VINTON M. NORRIS
Asst. Cashier

RICHARD H. HGGINS
Vice-President
BERT L. HASKINS
Vice-Pres. and Cashier
C. STANLEY MITCHELL
Vice-President
MAX MARKELL
Vice-President
GEORGE R. BAKER
Vice-President
HENRY L. CADMUS
Asst. Cashier
HENRY C. HOOLEY
Asst. Cashier
JOSEPH BROWN
Asst. Cashier

GEORGE M. HARD
Chairman

ACCOUNTS INVITED

Total Resources over \$90,000,000

of his time to that institution. Mr. Neilson has given a great deal of his time during the last two years to the Mercantile Bank of the Americas, and the increasing business of the bank in the way of foreign trade has made it necessary, it is said, for him to give it his sole consideration.

NEW QUARTERS FOR THE PHILIPPINE NATIONAL BANK

The Philippine National Bank has leased the commodious ground floor space at 37 Broadway, New York, and will move into the new quarters as soon as they can be prepared for occupancy. The New York branch was established in 1917 and has been located in the Woolworth building.

J. A. LEWIS, OF ST. LOUIS, COMES TO THE IRVING NATIONAL

J. A. Lewis, vice-president of the National Bank of Commerce of St. Louis, has resigned that position, and will, on November 1, become vice-president of the Irving National Bank of New York. Mr. Lewis has been assistant cashier and vice-president and cashier of the National Bank of Commerce since 1902, having previously been cashier of the Continental National Bank of St. Louis.

He has had this offer from the Irving National Bank under consideration for some time, but hesitated to accept because he did not wish to move from St. Louis to New York City. He has many friends in this city and for that reason did not care to leave, but the opportunity offered him with the Irving National Bank was so exceptional that he has finally accepted it.

Mr. Lewis is a native of St. Louis, and was educated in the schools there. He began his banking career as a messenger in the National Bank of Commerce, and was for several years coin teller for General H. G. Edwards, assistant treasurer of the United States at St. Louis. Afterward he went to Europe for the Continental National Bank, and upon his return was made cashier of that bank, where he remained until it was absorbed by the National Bank of Commerce, when he became connected with that institution. In 1891 he was married to Miss Katherine Wilson.

TO DEVELOP NEW STATE RESERVATION

The commissioners of the new state park in New York, known as Mohansic Lake Reservation, held a meeting recently and organized by electing Col. Willis S. Paine, ex-State Bank Superin-

ESTABLISHED 1829



NATIONALIZED 1865

Prompt and direct service given in the
handling of drafts

ATLANTIC NATIONAL BANK

257 BROADWAY · NEW YORK

Capital, Surplus and Undivided Profits, \$1,800,000 Total Deposits, \$18,000,000

tendent, and formerly president of several New York banks, chairman, Mrs. Frank A. Vanderlip, secretary, and Arthur L. Lawrence, treasurer.

**NEW BRANCH OF THE NATIONAL BANK
OF SOUTH AFRICA, LTD.**

The New York office of the National Bank of South Africa, Ltd., is in receipt of cable advice from the head office to the effect that the bank has opened a branch at Broken Hill, Northern Rhodesia.

GUARANTY TRUST APPOINTMENTS

On September 9, John C. Collingwood received the appointment of assistant manager of the bond department of the Guaranty Trust Company of New York. Mr. Collingwood was born in Poughkeepsie, New York, thirty years ago, and began his business career with the Pure Oil Company of Philadelphia. For two years he was with Lee, Higginson & Company,

and for three years was an independent bond broker at Newburgh, New York, going to the Guaranty Trust Company in 1914.

Henry A. Theis was at the same time appointed an assistant trust officer. Mr. Theis is thirty-four years old and a graduate of Lafayette College. He was employed by the Guaranty Trust Company from 1904 until 1907, and since then has been vice-president of the Franklin Society, 38 Park Row, New York City. He will return to the Guaranty Trust Company on September 23.

The Executive Committee also announced the appointment of G. B. Cooper as agent and W. F. Mulledy as assistant agent at the office in Tours, France, which will be opened September 15 for the special service of the American Expeditionary Force.

ONE WAY OF CHEERING THE BOYS

The Bankers Trust Company, through its president, Seward Prosser, sends a

Citizens Commercial Trust Company

BUFFALO, N. Y.

Growth in Deposits — Two Years

September 20th, 1916.....	\$7,484,024.47
September 8th, 1917.....	14,804,336.56
September 10th, 1918.....	17,894,160.31

Officers

JOSEPH BLOCK, Chairman of the Board
 WILLIAM H. CROSBY, President
 WILLIAM H. ANDREWS, Vice-President
 NORMAN A. MacDONALD, Vice-President
 ROY H. GRIFFIN, Vice-President
 SYDNOR J. TUCKER, Vice-President
 WILLIAM F. CHASE, Treasurer
 ROBERT W. MORRIS, Secretary
 BERNARD M. NORCROSS, Asst. Secretary
 IRA D. LOCKWOOD, Assistant Secretary
 GORDON B. CLEVERLEY, Asst. Secretary
 ANTHONY J. KUHN, Auditor

DEPARTMENT OF BANKS AND BANKERS

WILLIAM H. HURLEY, Vice-President

WILLIAM STREET BRANCH

LEO B. SEITZ, Assistant Secretary

BLACK ROCK BRANCH

HARRY G. HOFFMAN, Asst. Secretary

R. W. H. CAMPBELL, Assistant Secretary

WEST SIDE BRANCH

MILES E. FREEMAN, Manager

Capital and Surplus . . . \$2,500,000.00

MEMBER FEDERAL RESERVE SYSTEM

regular letter every month or oftener to every one of the 136 men who have entered the service from that organization. The letters are signed by the president, and the last letter, in addition to such general news about the company as might be of interest to the men, contained some comments on the growing intensity of New York feeling toward the war, so evident during the past two months.

"You are fighting," wrote Mr. Prosser, "to save the best things that man can ever hope for. And we are confident that you are going to win your fight. We have a belief here that not only are our soldiers and sailors going to save America, but that they are coming back, after their wonderful experiences, and help make it better worth saving than ever before.

"I wish that those of you who are in France might know how the news of Foch's great counter stroke on the Marne, which has been thrilling us day after day with its assurance of real

victory, makes us realize more deeply the splendid service you are rendering your country. We are convinced that the American soldier and sailor abroad has added a new glory to our Flag. We know that those of you who have been put to the test in action have matched up with the best traditions of this country. Moreover, distinguished English and French observers, whose comments on our expeditionary force are coming to us frequently by cable, emphasize especially the modest and self-respecting bearing of our men. You and I know that as a people we have been, justly or unjustly, accused of boastfulness. There is promise in these comments of our Allies that this nation may be freed from such a characterization hereafter through the bearing of our real representatives in the Overseas Forces. We are all going to be more assuredly proud of our Flag hereafter, because you are so finely interpreting it to all the world. And this sentiment flows just as strongly to those

of you whose service detail has been at home and to those of you who are in camp preparing to go to the front.

"If you had been here in New York during the past two months I believe you would have noticed a much keener appreciation of the fact that this war is our war—the war of each individual of us. You may rest assured that this country is solidly back of you."

**CITIZENS COMMERCIAL TRUST COMPANY
CONTINUES TO GROW**

The Citizens Commercial Trust Company, Buffalo, N. Y., since the opening of its new main office in Ellicott Square two years ago, has experienced a most satisfactory growth.

On September 20, 1916, the deposits



ROBERT W. MORRIS

Secretary Citizens Commercial Trust Company,
Buffalo, N. Y.

were \$7,484,024.47; one year later, 1917, they had grown to \$14,804,336.56; or an increase of 97 per cent. At a recent call of the State Superintendent of Banks the deposits were

Resources

\$16,000,000.00

If intelligent handling of items and low rates appeal to you send us your Buffalo business



**Try our Service
and you will be entirely
satisfied**

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

H. MARTIN BROWN, President			
JOSHUA M. ADDEMAN	Vice-President	HENRY B. CONGDON	Secretary
JAMES M. SCOTT	Vice-President	J. CUNLIFFE BULLOCK	Trust Officer
SAMUEL M. NICHOLSON	Vice-President	ELMER F. SEABURY	Assistant Treasurer
FLORRIMON M. HOWE	Vice-President	HARRY C. OWEN	Assistant Secretary
WARD E. SMITH	Treasurer	HENRY C. JACKSON	Assistant Secretary

\$17,894,160.31, an additional increase over last year's figures of 21 per cent.

The resources are now in excess of \$26,000,000 and total number of depositors 15,854, of which 4,315 are in the commercial department, and 11,539 in the thrift department.

The Citizens Commercial Trust Company handled 17,000 individual subscriptions for the Third Issue of the

Liberty Loan and coöperated fully with the local loan committee in the Fourth Liberty Loan.

R. W. H. CAMPBELL, ASSISTANT
SECRETARY

The Citizens Commercial Trust Company of Buffalo, N. Y., has placed R. W. H. Campbell in the position of assistant secretary. Mr. Campbell has earned the promotion with his earnestness and devotion to the interests of the company while in minor positions, and it is therefore a foregone conclusion that he will "make good."

NOTES BOUGHT BACK BY THE GILLETTE
COMPANY

An important financial transaction was recently made by the Gillette Safety Razor Company, of Boston, in the retirement by purchase in open market of \$700,000 of its five-year six per cent. notes, making \$1,900,000 so far retired out of an original issue of \$6,000,000. The increase in the Gillette dividend to an \$8 basis, with extras, has attracted attention to the conversion privilege possessed by these notes. They are convertible on the basis of ten shares of stock for \$11,000 worth of notes, the converting noteholder thereby obtaining a substantial increase in income.

WHAT SEVEN-CENT FARE DOES

August was the first month of seven-cent street car fare rate in Boston, and the Boston Elevated Railway Company



R. W. H. CAMPBELL
Assistant Secretary Citizens Commercial Trust
Company, Buffalo, N. Y.

Bankers, Are You Prepared?

From now until the first of next March your customers will be anxiously inquiring for information about the new Income Tax and will be asking for copies of the new War Revenue Law.

Are you prepared to supply their wants?

As you know, this is the most important revenue law ever passed in this or any other country and practically every one of your depositors will be required to pay taxes in one or more forms under its provisions.

We are issuing this law in an attractive pamphlet, 6x9, with marginal headings and a complete cross index to all provisions of the law and all forms of taxes, including individual, partnership, and corporation taxes, surtaxes, war excess profits taxes, stamp taxes, and the levy on automobiles, motor boats, theatre tickets, jewelry and other articles, all arranged so that information as to these taxes can be quickly and easily obtained.

The imprint of your Bank will be printed on the front cover without cost and on orders of 1000 or over we will print your special advertising on the outside covers, as desired, without extra charge.

Orders will be filled in the order of their receipt.

Write or wire us at our expense for sample copies, prices, etc.

The Bankers Publishing Co.

253 Broadway, New York

Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

Send for our booklet

**"The Transfer of Reserves
To Federal Reserve Banks"**

THE

Philadelphia National Bank

(ORGANIZED 1863)

showed an increase for the month of \$390,000, or 23.81 per cent. as compared with the same month last year.

BOSTON LIBERTY LOAN COMMITTEE

The Liberty Loan Committee of New England has moved in the building recently bought by the Federal Reserve Bank, at 95 Milk street. This gives the various committees ample room for their work, and groups them together. In previous campaigns the various activities have been separated, greatly increasing the work. The executive offices occupy the entire third floor of the building. The publicity committee and the foreign language committee occupy the basement. The woman's committee occupies part of the second floor.

BOSTON DEALERS WIN A VICTORY

Quite a victory was won by the Boston dealers in acceptances by the approval of the New York Clearing House Association of the recommenda-

tion of its clearing house committee, of which Walter E. Frew is chairman, that the rules regarding the collection of out-of-town acceptances be amended by reducing the charges. This action was taken in response to the protest of Boston bankers, who vigorously opposed the imposition of a charge of 1.10 of 1 per cent.

PUBLICITY MAN IN WAR WORK

E. H. Kittredge, at the head of the publicity department of the Old Colony Trust Co., Boston, is acting as secretary of the district committee of the Capital Issues Committee, with headquarters at the Federal Reserve Bank in Boston.

FORTY-SIX YEARS' CONTINUOUS SERVICE

After forty-six years' continuous service with the Rhode Island Hospital Trust Co., William A. Gamwell has resigned his office in the Providence institution. He was successively clerk,



EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION
NATIONAL
BANK**



PHILADELPHIA

Resources over
\$16,000,000

general bookkeeper, assistant secretary, secretary and vice-president and has been employed by the company longer than any other person now connected with it.

INCREASE IN CAPITAL BY PENN NATIONAL

The capital stock of the Penn National Bank of Philadelphia has been increased from \$500,000 to \$1,000,000, and \$500,000 has been added to the surplus. The bank has been paying dividends of sixteen per cent., and it is expected that the same rate will be continued on the new capitalization.

RETURN OF OFFICIALS AFTER VACATION

Charles S. Calwell, president of the Corn Exchange National Bank of Philadelphia, and Horace Fortescue, vice-president of the Philadelphia National Bank, returned from their extended New England trips in excellent condition. They made their trips by automobile.

FRANKLIN NATIONAL'S TRADE DIGEST

The Franklin National's monthly digest of trade says:

The most favorable indications in the business situation today are greatly increased bank clearings, few business failures, heavy bond sales, a material decrease in commodity prices, larger movement of iron ore, heavier pig iron and steel ingot production, increased output of soft coal, a larger consumption of cotton and a continued promise of unusually good crops. On the other hand, transportation conditions are but little better, dividend disbursements are less, the lumber cut has declined, stocks and crude petroleum on hand have shrunk and the consumption of wood by manufacturers has decreased. The country is believed to be more ready for the Fourth Liberty Loan than it has been for any previous issue and a large over-subscription in the three weeks' period may reasonably be expected.

BANKER SOLDIER WOUNDED IN ACTION

Captain Felix R. Campuzano, formerly receiving teller in the Union National Bank of Philadelphia, has been wounded in action, and is now in a base



UNION COMMERCE *National Bank* OF CLEVELAND

Capital \$4,000,000
Surplus 2,000,000

*"Expeditious Service now—
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON,	President	WALTER C. SAUNDERS,	Cashier
GEORGE S. RUSSELL,	Vice-President	HARRY E. HILLS,	Asst. Cashier
WILLIAM E. WARD,	Vice-President	CARL R. LEE,	Asst. Cashier
ELMER E. CRESWELL,	Vice-President	FRANK A. WHITE,	Asst. Cashier
WILLIAM C. CAINE,	Vice-President	FRED. W. COOK,	Asst. Cashier

hospital in France. Captain Campuzano is the commander of Company B, 109th Infantry, which was formerly the 1st Regiment of the National Guard of Pennsylvania. The captain was also active in the Mexican campaign before the war.

PASSIAC BANK IN MODERNIZED HOME

The work of modernizing and enlarging the banking room of the People's Bank and Trust Company of Passaic, N. J., has just been completed by Hoggson Brothers of New York. The new quarters are excellently arranged and furnished in a pleasing manner.

The People's Bank and Trust Company has an unusually interesting history. It was organized by General W. Spencer in the fall of 1889. Hon. Garrett A. Hobart and Hon. John J. Knox, the latter of whom had just resigned from the office of Comptroller of the Currency to accept the presidency of the National Bank of the Republic

of New York city, were among the incorporators.

The present officers are: Bird W. Spencer, president; Cornelius Van Riper, Andrew McLean and Albert W. Shaw, Jr., vice-presidents; Wm. H. Stevens, treasurer; Henry H. Thompson, secretary; Frank Terhune, assistant secretary and assistant treasurer.

PHILADELPHIA NATIONAL ABSORBS ANOTHER BANK

The Philadelphia National Bank has absorbed the Farmers and Mechanics National Bank. Both institutions are among the oldest banks in Philadelphia, the Philadelphia National having been organized in 1803 and the Farmers and Mechanics National in 1807. This fact makes the coming together of the two institutions an event of considerable interest. Under the leadership of President Levi L. Rue, the growth of the Philadelphia National Bank has been both rapid and substantial, and it has

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,235,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

been known for years as a leader among Philadelphia banks. Mr. Rue is president of the Clearing House Association, a director of the Philadelphia Trust Company, the Provident Life and Trust Company, the Pennsylvania Railroad Company, and vice-president of the Federal Advisory Council. The Philadelphia National Bank, which recently doubled its capital from \$1,500,000 to \$3,000,000, now has, through the absorption of the Farmers' and Mechanics' National, total resources of \$140,000,000. The deposits will exceed \$100,000,000. Enlarged banking space will be afforded by the consolidation as the wall separating the two bank buildings, which adjoin one another, will be torn down, giving one of the most commodious rooms of any bank in the city. No changes in the exterior of the buildings are proposed at present.

BANKER HERRICK'S SON IS A MAJOR

Parmley W. Herrick, a son of Myron T. Herrick, president of the Society for

Savings of Cleveland, has received a commission as major in the headquarters corps of the army. He has been in Federal service since June of last year, first with the food administration and next with the quartermaster's department.

ANOTHER CLEVELAND BANKER HONORED

E. E. Finley, son of W. F. Finley, vice-president of the Garfield Savings Bank, has been promoted from lieutenant to captain. Captain Finley enlisted in May of last year, and has been stationed at Camp Zachary Taylor, Kentucky, as artillery instructor. He was formerly on the staff of Borton & Borton, a Cleveland securities house.

CANTON (OHIO) BANK TO BE MODERNIZED

Hoggson Brothers, the New York and Chicago builders, will engage in the work of rehabilitating the banking house of the Dime Savings Bank of

SEND YOUR BUSINESS

ON THE

Twin Cities AND THE Northwest

TO THE

CAPITAL AND SURPLUS
TEN MILLION DOLLARS



We are prepared to meet your most exacting requirements and cordially invite you to write to us

Canton, Ohio. Plans and specifications have been approved, and orders placed for raw materials, but it is not expected that active operations will begin until next spring. To all intents and purposes the remodeled structure will be a new building.

"Whether a bank should build in these days has been one of the numerous problems rising to vex the banker in the last year," said Jacob I. Piper, secretary and treasurer of the bank. "In many cases the question has practically solved itself. A bank's business has grown until the space and facilities necessary for the work have made a new building necessary, or at least an enlargement of old quarters. That is the situation with regard to the Dime Savings Bank. It was absolutely essential that we do something to improve conditions.

"The Government has made clear that it does not desire and has never desired to put a stop to necessary building construction. The individual or corporation confronted with a building problem need only answer one question: 'Is this building essential?'

"The Dime Savings Bank having outgrown the room it has occupied for so long and, crowded and cramped for space, decided that by skillful alterations the present quarters could be modernized and arranged in an efficient, up-to-date manner."

DAVE WILLS ON MOBILIZATION OF CREDIT

"Mobilization of Credit" was the subject of an address before the con-

vention of the Ohio Bankers Association by D. C. Wills, chairman of the Federal Reserve Bank at Cleveland. He impressed his audience with the necessity for still further tightening of loans to industries and firms not engaged in war work. "The banker is like the family physician, who keeps his finger on the pulse of the patient and prescribes the necessary medicine to help him," said Mr. Wills. "Just so the banker must keep his finger on the financial pulse of the community and help by his counsel and advice." Mr. Wills said the Fourth Liberty Loan would be a stupendous job, but he predicted that the bankers and the people of this country would rally to the task and put it over in record time. Mr. Wills, as head of the capital issues committee, said the committee had found it necessary to limit certain municipal projects not related to winning the war, and that in a spirit of fairness many such concerns would have their loans restricted.

A BALTIMORE BANKER'S WAR ACTIVITIES

C. T. Williams, formerly of the Fidelity Trust Company of Baltimore, and who is known as one of the most successful field agents of the American Red Cross, has been placed at the head of a new Red Cross mission to Russia and has sailed for Archangel. Mr. Williams was selected for this mission because of his Red Cross activities in Roumania more than a year ago, and because of the wide knowledge of Russian affairs which he gained while on

the Russian mission. He crossed and recrossed Russia many times while on that mission, and is regarded in Washington as an authority upon conditions and affairs in that distracted country. His work will be important and he will no doubt meet its every requirement.

BANKER HEADS SEABOARD AIR LINE

S. Davies Warfield, of Baltimore, has been made president of the Seaboard Air Line Railway. Mr. Warfield has been one of the directors of the line for many years, and for the past six years has been chairman of the board. He is also president of the Continental Trust Company, and president of the National Association of the Owners of Railroad Securities. His usefulness and experience in these capacities will add much to his equipment for success in the new work.

PRESIDENT GOLDSBOROUGH HEADS LIBERTY LOAN COMMITTEE

Former Governor Phillips Lee Goldsborough, president of the National Union Bank of Baltimore, has been named by the Baltimore Clearing House to head the Liberty Loan Committee for Maryland, and Governor Seay of the Federal Reserve Bank at Richmond has confirmed the appointment.

To replace Mr. Goldsborough as treasurer of the Liberty Loan Committee, Clarence R. Evans, cashier of the American Bank on South Broadway, was elected unanimously.

DAY AND NIGHT BANK FOR PITTSBURGH

The Pennsylvania State Banking Department has granted a charter for the establishment of a day and night bank at Pittsburgh. This institution has a subscribed capital of \$50,000, and an authorized capital of \$500,000. The incorporators are George G. Shultz, of Pitcairn, Pa.; Harry Young, Paul Schiller, W. E. Hildebrand, of Pittsburgh, and A. H. Schultz, of Turtle Creek, Pa.

B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

UNION TRUST COMPANY CHICAGO

*Strictly a Commercial Bank
Established 1869*

PITTSBURGH OPPOSES PROPOSED TAX

The Pittsburgh Stock Exchange, in cooperation with other exchanges, is preparing to register a protest against the proposed increase in taxes on brokers in the bill now before Congress. President J. B. Barbour characterized as highly unjust the proposal not only to increase the tax on brokers from \$30 to \$100, but also to place an additional tax on such brokers as may be members of exchanges, with the highest taxes on those exchanges whose memberships are low in value. He points out that exchanges are valuable markets for ascertaining the value of securities, and membership in them should be encouraged, instead of penalized, as the bill proposes. He also criticized sharply the omission from the bill of cotton exchanges, asserting that the South is constantly being petted and protected, while the burden of

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$44,922,000

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THE STRENGTH TO GIVE THE BEST SERVICE

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EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

taxation falls on the North. A meet-
ing of exchange authorities is being ar-
ranged, for the purpose of making a
concerted protest, and this meeting may
be held in Baltimore.

BANKER VOLUNTEERS FOR RED CROSS
WORK

I. C. Moore, former secretary and
treasurer of the Sharon (Pa.) Savings
and Trust Company, has volunteered
for overseas service with the Red Cross
and has been accepted.

THE SEVENTH FEDERAL RESERVE
DISTRICT

The Seventh Federal Reserve Dis-
trict (the Chicago District) reports
business conditions good, despite
drought and heat waves of exceptional
severity which prevailed in August.
Labor has been well employed, the
available supply of raw materials has
been fully absorbed, and prosperity

prevails to an unusual degree. De-
mands for loans at firm rates prevail,
money ruling strong at six per cent.,
with the feeling expressed that there
will be but slight elevation from this
rate for the period of the war. The
coöperative spirit manifested enabled
the district to over-subscribe its allot-
ment of United States certificates of in-
debtedness in the latest issue. In fact
the oversubscription was accomplished
without any interference with the op-
erations of business and at the same
time permitting the financing of large
volumes of government business of im-
portance without the crippling of re-
sources.

A WITTY BANKER

Charles H. McNider, an Illinois
banker, made a speech at the Illinois
convention. After emptying several
bottles of vitriol on the Hun, McNider
closed with a story which is well worth
repeating. During the week previous



“Has He Made Good at Home?”

Every stranger seeking to establish business relations with you must show that he has made good at home; must prove that he has the confidence of those people who have known him longest and most intimately.

If this bank, in soliciting your business, comes as a stranger, we should be put to the test. Do we pass it successfully in pointing out that more than one-fourth of all the banks in our Federal Reserve District carry accounts with us?

The National Bank of Commerce

IN ST. LOUIS

Resources, over \$85,000,000.00

he received a letter from his son, Captain Hanford McNider, former Harvard football star, in which the captain said: “Dad, I brought in five Hun captives today.” “Dad” immediately cabled: “Congratulations, Hanford; but next time take more ammunition with you.”

MR. FETSCHER IS PROMOTED

Charles O. Fetscher was promoted from cashier to vice-president of the West Side Trust and Savings Bank of Chicago, on the 6th of August.

GOEBEL IS BUILT OF THE RIGHT STUFF

In addressing the Illinois Bankers convention at Springfield, Peter W. Goebel reached the right spot with his audience when he said: “Let no man say to you that peace can be made, and made safely, until German militarism is annihilated.” It is needless to say that every man and woman present

thought the same thing. Mr. George, of Aurora, moved a standing vote on the publishing of the address as a war document of great value.

GREENEBAUMS ABSORB ILLINOIS STATE BANK

The Illinois State Bank of Chicago has been absorbed by Greenebaum Sons' Bank and Trust Company, taking all business and accounts of the former institution. The Illinois State Bank was established in 1913, with a capital of \$200,000 and surplus of over \$30,000. A statement dated July 1, 1918, showed deposits of \$800,000. Alfred Decker, president and one of the principal stockholders, was unable to give the bank sufficient attention and preferred to discontinue the business. The transfer was made to Greenebaum Sons' Bank and Trust Company during the double holiday, September 2 and 3, and all the customers are now being served at the Greenebaum institution.

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Mississippi Valley Trust Co.
ST. LOUIS

BIG CHICAGO TRUST COMPANIES JOIN FEDERAL RESERVE

The Illinois Trust and Savings Bank and the Northern Company of Chicago have been admitted to membership in the Federal Reserve System. This means that every large state institution in the district has come into the Federal organization. These two banks were among the largest in the district, and had held aloof on the ground that their commercial banking business was relatively small with their total business and capital employed. Patriotism and the appeals of the Federal Reserve Board to unite all the country's banking resources, the banks decided to make application for membership.

The fact that loans secured by Government bonds are rediscountable at the Federal Reserve Bank by member institutions and that such loans are becoming a larger and larger factor in present day banking makes membership in the Federal Reserve System of growing advantage to banks which

would not often avail themselves of the privilege of rediscounting commercial paper.

Since the first of the year more than 100 banks have joined the system in the seventh district, and applications from nearly 100 more are pending. These banks are simply ignoring their own reasons for staying out of the system and are joining because the Government asks it as a means of concentrative reserves and providing expansion without dangerous inflation.

ACCEPTANCES WELCOMED IN CHICAGO

John J. Mitchell, president of the Illinois Trust and Savings Bank of Chicago, in discussing call loans on acceptances, said: "This means healthy competition in the market for bankers' acceptances, which we in the Middle West are mighty glad to see. Acceptances are essential to the development of our foreign trade and the active market for them naturally will help that development. Competition will avoid



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Farmers Bank Bldg.
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Railway Exchange Bldg.
PROVIDENCE, R. I.
Industrial Trust Bldg.

RICHMOND, VA.
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Hoge Bldg.
SPRINGFIELD, MASS.
3rd National Bank Bldg.
ST. LOUIS, MO.
Bk. of Commerce Bldg.
WASHINGTON, D. C.
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Miners Bank Bldg.
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36 Bishopsgate.

Bonds

Short Term Notes

Acceptances

foreign exchange is the clue

to the international situation

The unprecedented increase in our foreign trade—the unfamiliar spectacle of our becoming a creditor nation—is causing business men and students to pay more attention to the study of foreign exchange. *What is it? How does it operate? How is it affected by international transactions?* ¶ These questions and many others are answered in "The Elements of Foreign Exchange" by Franklin Escher. The intricacies and perplexities of foreign exchange are made clear in this little book, which, in a popular and readable style, tells you just what you NEED and WANT to know about this important subject. Sent prepaid anywhere on receipt of check or money order for \$1.35.

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clogging our Federal Reserve System with this class of paper. The Federal Reserve Bank of Chicago has been quietly lending on eligible bankers' acceptances for some time to maintain free and stable market here. The bank has been taking acceptances of member banks and also from non-member institutions when the paper of the latter is presented for discount by member banks."

Concerning the position of the farmer in the general money situation, W. T. Fenton, vice-president of the National Bank of the Republic, said:

"The farmer is being treated exceptionally well by the Government. It has fixed a high price for his grain. His cattle command higher prices than ever previously recorded, and other farm products are alike at the top. The farmer is also being rather favored in the matter of the draft; and, all things considered, I believe he should be willing to accept a good part of the pay for his produce in Government bonds."

WOMAN APPOINTED ASSISTANT CASHIER

One of the oldest banks in Central Illinois, the Ridgely National Bank of Springfield, has appointed Mrs. Margaret Pierce Rembach assistant cashier. She was for years one of the most valued employes of the bank, but resigned to be married. She was re-

cently persuaded to return to the bank "for the term of the war" to take charge of the Liberty Loan Department, but now finds her duties considerably broadened.

A. R. FLOREEN GOES UP IN THE SERVICE

Another Chicago banker to be advanced in the military service is A. R. Floreen, formerly assistant cashier of the Central Trust Company of Illinois. He has received a commission as second lieutenant, after completing a course in an American artillery school in France. He stood second in his section in the school, receiving a mark of 1,749 out of a possible 2,000 points. Lieutenant Floreen has been sent to an advanced school to receive further training before reporting for active duty with the 151st artillery brigade.

PAYMENTS WITH UNITED STATES BONDS

The following method of distributing United States Bonds has been suggested by W. T. Fenton, vice-president and manager of the National Bank of the Republic of Chicago:

"The farmer," he said, "is being treated exceptionally well by the Government, receiving higher prices than ever previously recorded for his products.

"All things considered, I believe he would be willing to accept a good part of the pay for his products in Government bonds paying four or four and a quarter per cent. interest."

FESTUS J. WADE, JR., CITED FOR GALLANTRY

American army officials in France have cited Festus J. Wade, Jr., for gallantry in action. Young Wade is the only son of Festus J. Wade, president of the Mercantile Trust Company of St. Louis, who is prominent in every financial movement for the prosecution of the war. In his talk on war ques-

1865



1918

ESTABLISHED OVER HALF CENTURY



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tions Mr. Wade very forcibly calls a spade a spade, without fear or favor. The young man is therefore a worthy chip of the old block. He enlisted shortly after America entered the war, and has made a very distinguished record for himself in several battles on French soil.

THIRTY-THREE EMPLOYEES IN SERVICE

The St. Louis Union Bank's thirty-third employee to enter the service of the United States is Louis E. Williams, who goes into the Motor Transportation Division of the United States Army. He expects to be commissioned captain.

HIBERNIA BANK PROMOTES MACHADO

There recently have been several significant changes in the official staff of the Hibernia Bank & Trust Company, not the least important of which was

the promotion of W. B. Machado, assistant cashier, who hereafter will be associated with Vice-President Charles F. Herb in charge of the Bank and Bankers Department of that institution.

The selection of Mr. Machado for this position is a happy one, as he has a very wide acquaintance among the bankers in the Southern States.

He has been with the Hibernia Bank and Trust Company for about twenty years, has occupied various clerical and official positions, and since 1909 has been assistant cashier. He is a former president of the New Orleans Chapter of the American Institute of Banking, and is unusually popular with the members of that organization.

Mr. Machado's new work will bring him in very close touch with the bankers of the Southern States, many of whom are already thoroughly familiar with his ability as a consistent, conservative banker.

TACOMA THOROUGHLY AROUSED

If present plans are successful, Tacoma will be strictly a volunteer city on the Fourth Liberty Loan. Chairman Dover expects to have the entire quota subscribed without a single solicitation, and all that comes in through "Round-up Regiment" will be over and above her quota.

The loan campaign will be preceded by "Publicity Week," which is to begin September 21, and last until the opening of the campaign on September 28. This will be an educational campaign. All of the publicity stunts for the cam-

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paign will be pulled off during that week under the direction of Louis Bean's Committee. The Minute Women will make a house-to-house educational campaign. If all the cities would follow Tacoma's example, the Fourth Liberty Loan would be secured in record-breaking time.

AN OLD CHECK BOBS UP

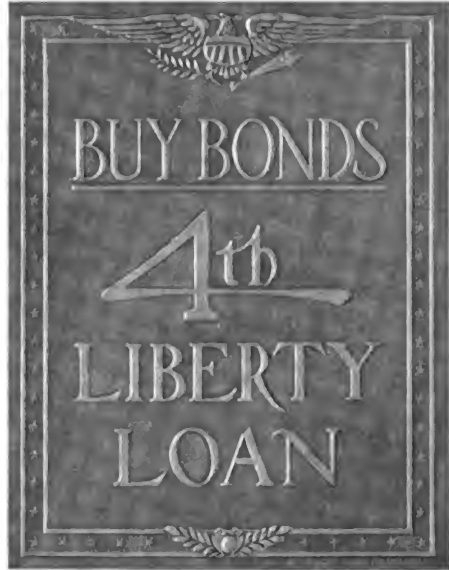
Recently a check for \$500, drawn twenty-eight years ago on the Citizens Bank of Spokane Falls, Washington, was presented for collection. It was sent to the Spokane and Eastern Trust Company by the Central Trust Company of Illinois at Chicago. The check was drawn April, 1890, by Mrs. Henry Comp. The bank on which the check was drawn has been out of existence for twenty-five years, having suspended during the panic of 1893. No officials of the old bank live in Spokane, and Mrs. Comp is unknown. The Chicago Trust Company sent the check for collection without any explanation of the late date of its presentation. The theory is advanced by the Spokane and Eastern Trust Company that the check either had been mislaid in a vault all these years or has been held in the hope that the old bank's affairs might be straightened out. The instrument is now believed to be valueless.

NOW LAUGH

Miss Tickle is a clerk in a bank at Lawton, Kansas. The Chicago Banker rises up and, in a wealth of wit, says: "She is not related in any way to William Feather of the same city."

A PORTLAND BANKER'S GOOD SENSE

Many bankers encounter difficulties in interpreting the Federal Reserve Board's recommendation as to essential and non-essential loans. A good illustration comes from Portland, Oregon, in the shape of a story current among the bankers of that city. The story is used to point an argument, although the narrators do not assert that it occurred in Portland.



This distinctive bronzed sign for Banks was contributed to the United States War Loan Organization by the Collins Publicity Service of Philadelphia.

A customer came into a bank asking a loan of \$300. "I have \$350 in the bank and want \$650 to buy a Ford truck to haul produce to market," was his argument. "How much produce do you think you will have?" asked the banker. "About \$2,500 worth." "Got any other way to haul it?" "Yes; I have a Ford touring car, but I want to save that for the family."

"Now, see here," was the decision. "You will put \$650 into this truck, and probably in expenses on it \$350 more before the season ends—and all to haul \$2,500 worth of produce, half your income. Your credit is good, and I know I'll get the money, but I will not make the loan. You use your touring car to haul produce instead of joy-riding, and wear it out before you go in debt to get another."

Comment on the story, whether ascribed to the original banker or delivered by the latest narrator, runs somewhat as follows:

"Maybe he got the money somewhere else; they usually do. But that is the course I am taking with my customers, and it is time to do it; for if we are to have the money for Liberty Bonds and war purposes we must stop using it for unnecessary things. It is hard work to make my



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Coins are inserted from the bottom.
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customers see it; for they have been used, like all the West, to getting the things they want when they want them."

STATE BANKING ASSOCIATIONS COUNCIL

The organization of the United States Council of State Banking Associations, which at first made the impression that it might be the beginning of a wedge to be driven into the American Bankers Association, has caused it to be distinctly asserted that the purpose of the new body is in no way antagonistic to the large association. Section of Article 1 of the State Bankers Association says:

The objects of this organization shall be to promote the general efficiency and welfare of the American Banking Systems, to obtain coöperation between States and with the National Government in securing sound, uniform and constructive legislation, both State and National, and to bring about a general strengthening of the banking, financial and general economic condition of the nation.

Secretary Francis H. Sisson of the State Association has issued the following statement:

It was the expressed feeling of the delegates to the conference that there are important interests of State Chartered Banking Institutions and the public they serve, which can best be conserved by an organization single in its purpose to protect and further those distinctive interests. However, it must be clearly understood that the United States Council of State Banking Associations was not conceived in a spirit of opposition to the American Bankers Association or the Federal Reserve System

or any other existing banking organization, but rather to coöperate with them while providing an organization subject solely to the direction of State Chartered Banking Institutions and which might speak constructively for that class of financial institutions which represents more than twenty billions of dollars in resources and is numerically the strongest element in the banking system of our country. As you will note from the leaflet enclosed, the organization effected is a simple one, providing for representation by states in annual conferences, and direction by a representative Executive Committee selected from the several Reserve districts. No over-ambitious program has been outlined, but it is the hope of the organizers that out of this organization may come useful service to the financial interests of the country, in fairness to all, and in the furtherance of the common interest.

A. B. A. GROWING IN MEMBERSHIP

The Journal of the American Bankers Association for September makes a gratifying showing of the growth in membership of the association. On August 31, 1917, the association had a membership of 17,328, as compared with 19,043 on the same date in 1918. During the year the association lost 145 members through delinquencies and 132 through failures, liquidations, mergers, etc., which leaves a net increase for the year of 1,715. The gross increase for the year was 1,992.

The membership campaign, which began July 1, and had for its object the increasing of the membership to 20,000, failed to attain that number, but there were secured up to August 31, 99 new members.

The Safe Ink.

"Ink that is carelessly bought may be good enough for live-a-day correspondence," said a bank official, "but when it comes to having records of value fade out almost before one's eyes, the time has come for radical steps."

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On September 10, 1918, the number of members was 19,072, making the highest point in membership in the history of the association, and making its fiscal year of 1917-18 the most successful both relatively and absolutely in entire career.

EXEMPTING "PIVOTAL" BANKERS

Exemption from service may be secured by bankers who come within the new draft age limits if their positions are of sufficient importance that they may be judged to be the "pivotal men" of the industry, in the phrase of Secretary of War Baker. Much broader claims for exemption from military service are being worked out by Provost Marshal General Crowder. The important modification is in the change of a few words in the original draft law made in passing the new man-power act. The term "industrial occupation" is eliminated and the new law provides that persons may be given deferred classification when engaged in "occupation or employment, including agriculture, which can be established as necessary to the military establishment or the maintenance of the national interest." This section, draft officials point out, will definitely allow district exemption boards to exempt bankers and essential bank employees.

SIDE-TRACKING NATIONAL PROHIBITION

National prohibition has been shelved until July 1, 1919, under a "gentlemen's agreement," so that stocks of

spirits now in bond may be marketed tax-paid. Excise taxes, license fees and excess or war profits taxes amounting to a billion dollars will be collected from the liquor trade in the current fiscal year if prohibition is deferred in this way. If this agreement is adhered to, one of the chief obstacles in the way of passing the revenue bill will be removed, and the way will be cleared for floating the next Liberty Loan of five or six billion dollars. With the amount of their taxes unsettled, capitalists could not decide how much money they could spare to buy Liberty Bonds.

CRITICISMS OF RAILROADS ASKED

Director-General McAdoo asks for criticisms of railroads, and also commendations. If you have any "kick" against the railroad service under government control, Mr. McAdoo wants to know about it. Also he would like to hear anything commendatory people have to say about it. To handle this question he is establishing a bureau of complaints and suggestions in his office. He calls attention to the fact that the first need is to win the war, and that it is the desire of the railroads to do everything not incompatible with the main purpose of the administration to make traveling comfortable.

It is requested that all communications be brief and explicit, and that the name and address of the writer be distinctly written. Also give the time of day or night, the number of the train, the name of the railroad, the name of the employee whose conduct is complained



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of or whose services are commended, together with such other information as will enable the department to take appropriate action. Write your ideas to the bureau of suggestions and complaints, office of the Director-General of the U. S. Railroad Administration, Washington, D. C.

BANKING POWER OF THE WORLD

R. N. Sims, examiner of State banks in Louisiana, has produced some figures which make the remarkable showing that the banking power of the United States is now nearly three times greater than the banking power of the entire world less than thirty years ago. Mr. Sims uses Mulhall's figures to show that the banking power of the world in 1890 was \$15,558,000,000, and his own statistics to reveal the fact that the present banking power of the United States is more than \$40,500,000,000, or more than two and six-tenths the banking power of the world as late as 1890.

Mr. Sims' statement further shows the resources of the State banking institutions of the United States to be over \$4,000,000,000 in excess of the total resources of all national banks, and that there are 12,600 more state banks than national banks in the country. The total number of state banks in the United States is 20,423.

EXTENDING THE EXEMPT CLASS

Provost Marshal General Crowder has announced that, in accordance with Section 2 of the new Draft Act, which

broadens the basis of exemption by adding the words "occupations or employments" after the word "industries," in specifying who may be exempted on industrial grounds, that bankers and other highly trained persons engaged in employments not previously regarded as warranting deferred classification may now apply for exemption on grounds that their work is necessary to the nation. Men holding important positions in the Red Cross and similar organizations, and those engaged in public health work, etc., are entitled to deferred classification.

NEW BRANCHES OF THE BANK OF BRITISH WEST AFRICA

Advice has just been received by R. R. Appleby, the New York agent of the Bank of British West Africa, Ltd., that a branch of this bank has been opened at Alexandria, Egypt. In addition, a new branch has been opened at Marrakech, Morocco, giving the bank six branches in that territory. It is worthy of note that the Bank of British West Africa, Ltd., is the only bank with its own agency in America which has direct communication with its own branches in Morocco and Egypt.

GOVERNMENT CONTRACT WITH THE RAILROADS

Director-General of Railroads McAdoo has made public the contract which the government proposes to execute with the railroads, providing for the compensation to be paid the car-

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RESIDENTIAL WORK.
City, Country.

LANDSCAPE WORK.
Design, Planting.

ENGINEERING WORK.
Design, Construction.

13.

riers while under Federal control. In his announcement Mr. McAdoo, after stating the terms approved by the government, said:

Of course no railroad company is compelled to accept the form of contract the Government offers. The company is free to reject the contract and go into the Court of Claims to obtain such compensation as the Court of Claims will allow and to work out, under statutory and general legal principles, all the details of the relationship which will arise between the Government and the company on account of Federal control. I am convinced, however, that the contract offered by the Government is just and reasonable. The railroad owners have no right to assume more than that, and if the Government offers less they are fully protected by their right to reject the Government's offer and go into the Court of Claims.

PRESIDENT WILSON ON LABOR'S PART IN THE WAR

In his Labor Day message to all Americans, whom he addressed as "all enlisted men, members of a single ar-

my," President Wilson said: "It is a war which labor must sustain. The army of laborers at home is as important, as essential, as the army of fighting men in the far fields of actual battle. To fail to win would be to imperil everything that the laborer has striven for and held dear since freedom first had its dawn and his struggle for justice began."

The introductory paragraph of this message was as follows:

Labor Day, 1918, is not like any Labor Day that we have known. Labor Day was always deeply significant with us. Now it is supremely significant. Keenly as we were aware a year ago of the enterprise of life and death upon which the nation had embarked, we did not perceive its meaning as clearly as we do now. We knew that we were all partners and must stand and strive together, but we did not realize, as we do now, that we are all enlisted men, members of a single army, of many parts and many tasks, but commanded by a single obligation, our faces set toward a single object. We now know that every tool and every essential industry is a weapon, and a weapon wielded for the same purpose that



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drought conditions which prevail. The reports are compiled from special reports by the Committee on Statistics and Standards of the Chamber of Commerce, which is headed by A. W. Douglas of St. Louis. Crop conditions are given as of August 10.

RESTRICTIONS ON DECK CARGOES

Restrictions on deck cargoes on unarmed vessels proceeding without convoy from Atlantic and Gulf ports have been adopted by the War Trade Board. Certain restrictions are also announced on cargoes carried by sailing vessels. In order to avoid delays and unnecessary expense, vessel owners, charterers, and agents should consult with collectors of customs or agents or the Bureau of Transportation, War Trade Board, before making commitments for deck cargoes or cargoes to be carried by sailing vessels. The announcement is signed by Vance C. McCormick, chairman.

WAR SAVINGS STAMPS SALES

A recent report from the Treasury Department shows that the sale of war savings stamps has passed the \$800,000,000 mark, with good prospect for future sales.

TOMLINSON AS WATERWAY DIRECTOR

Director-General McAdoo has appointed G. H. Tomlinson as director of the Division of Inland Waterways of the United States Railroad Administration. The new division will be on an equal plane with the other divisions of the Railroad Administration.

Under Mr. Tomlinson's general direction will be the Erie Canal, the Delaware Raritan Canal, the Cape Cod Canal, the Mississippi & Warrior waterways, and any other inland waterways which may be taken under the control of the Railroad Administration in the future.

Mr. Tomlinson at the present time is Federal manager of New York and New Jersey canals under the Railroad Administration, and also had been a

an army rifle is wielded—a weapon which if we were to lay down no rifle would be of any use.

FURTHER CONSERVATION OF COAL

A plan has been arranged for eliminating the inefficient types of incandescent electric lamps by the Fuel Administration, which states that manufacturers have agreed to abandon the manufacture of certain types. The programme, it is stated, will mean the saving of more than 1,000,000 tons of coal.

CROPS PROMISE WELL

According to the reports received by the United States Chamber of Commerce, crops as a whole promise to furnish an abundant supply of food of all kinds, despite widespread

member of the Inland Waterways Committee. The position of Federal manager of New York and New Jersey canals previously held by him will be filled in the near future.

A WRITER HONORED

Herbert Kaufman, the author and editor, has been appointed as a special assistant to Secretary of the Interior Lane. Mr. Kaufman's many friends in the press service of the country will be pleased with the appointment.

WOMEN IN THE BANK

The war has made heavy inroads in the working forces of the banks, which appear to have been hit harder than most lines of business. To make good these losses women are being employed in steadily increasing numbers, and the



Rest room provided for its women employees by the First National Bank of Boston

new draft probably will compel a further addition to the number of women thus employed. When war was declared by the United States the First National Bank of Boston had forty women on its payroll, while now it has over 280. Not all of these, of course, represent replacements of men. A large percentage has been added because of the growth of the business of the bank during this period, which would have necessitated substantial ad-

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ditions to the working forces under any conditions.

The women employees have been found generally efficient and are filling with satisfaction many responsible positions. They are under the charge of Mrs. Caroline P. Stickle, who hires all women employees and exercises general oversight over them. Some time ago the directors set apart a room on the third floor of the bank building for the exclusive use of the women employees. This rest room has proved extremely popular, and has made conditions for the women much more pleasant.

The room is fitted attractively, and not only does it offer an opportunity to rest, but it is furnished with a kitchenette, equipped with electrical appliances for warming luncheons and for making tea, coffee, or toast, and has a full supply of dishes, enabling those who prefer to bring their luncheons to eat in comfort. There are tables and writing materials, and magazines and other reading matter are at hand.

The social instincts of the women employees have resulted in the organization of the "Firnaban Club," the inspiration of Miss Ella J. Vinal, secretary to President Daniel G. Wing. This club was organized primarily to aid the men who have left the bank to enter the service of the United States and it has done admirable work along this line, its members having made a large amount of knitted wear and other soldier comforts and necessities. The funds for the work have been raised by membership dues and by dances and parties, which have been well patronized. The directors of the bank contributed \$100 to the work of the club. The meetings of the club are held monthly and as the members work for men of the bank they are entertained by the reading of letters from those who have gone across.

By these means the relations between the women workers and the organization of the bank have been cordially maintained and there is a spirit of loyalty to the bank on the part of the women employees that is not surpassed by that of the men. Naturally a considerable number of the women were without previous business experience, but there has been a general endeavor to learn and a rapid increase in efficiency. The place of women in banking institutions appears to be fully established.

KEEP YOUR LIBERTY BONDS, BY HON. W.
G. MC ADOO, SECRETARY OF THE
TREASURY

I earnestly hope that everyone who has bought Liberty Bonds will try to keep them for the period of the war at least. The slogan now should be, "Keep your Liberty Bond." No one does his share fully if he merely buys a bond and then sells it immediately below par on the market. Of course, if imperative necessity compels the sale of Liberty Bonds, no just complaint can be made; if each and every purchaser keeps his Liberty Bond he helps to protect the credit of the Government by maintaining the market for the bonds at par, which is a very helpful thing in war time, and he also renders a more essential service to our soldiers and sailors in the field by practicing those economies and savings which release materials and labor necessary to the support, if not to the very life, of our Army and Navy. Every subscriber, therefore, who keeps his Liberty Bond is rendering a double service to his country during the period of the war.

The purchase of a Government bond to save the life of the nation and the liberties of the world is not a commercial transaction. The patriotism of the American people is not determined by the rate of interest on a Government bond or by its quoted value upon any stock exchange. In lending money to the Government, let the chief consideration always be a determination to save the life of the nation and the liberties of the world from the peril of the German military despotism, no matter what sacrifice is involved in the way of self-denial and regardless of the monetary consideration.



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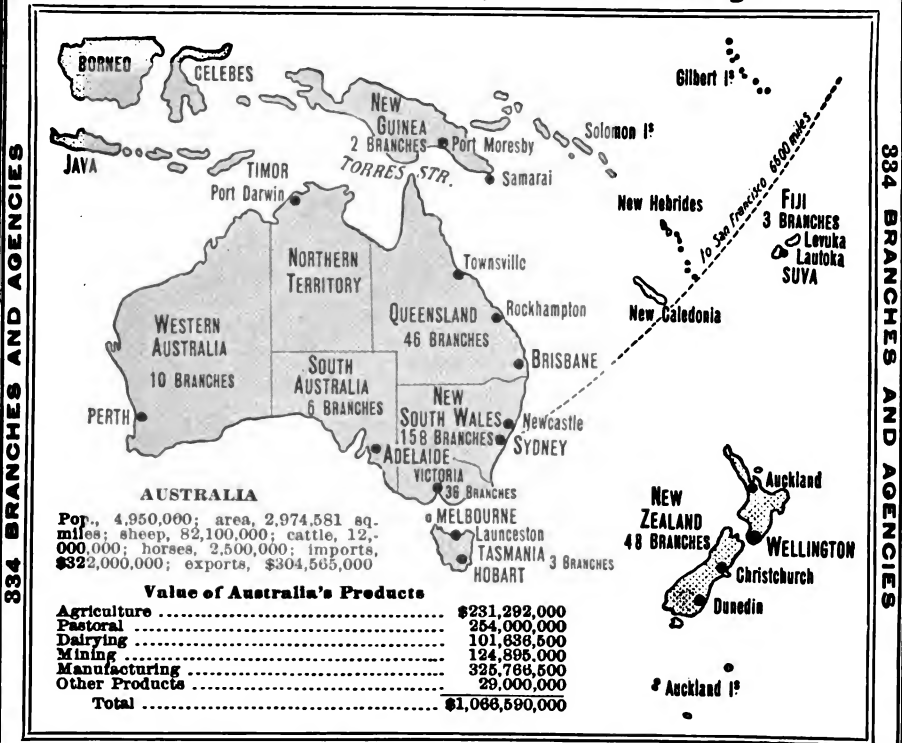
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THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

NOVEMBER 1918

VOLUME XCVII, NO. 5

Peace

AFTER over four years of war—the costliest and most destructive known in human history—the world to-day faces an early peace. The armistice requested by Germany has been granted by the Allies and was accepted by the German Government on November 11. Its terms are such as to render Germany incapable of again plunging the world into a sea of blood.

Since April 6, 1917, our country has been compelled to devote its energies largely to war purposes. Now we shall turn again to the ways of peace; but they will not be the old ways, for new problems will confront us calling for wisdom greater than that furnished by all the experience of the past.

Now that the end of the war is in sight, it must not be inferred that the future is without danger. It is of the utmost importance that the harmonious relations which have prevailed among the Allies thus far shall be maintained and strengthened. This country has not suffered to anything like the extent that several of the others have, though nobody doubts that the United States would have kept in the contest indefinitely, whatever the sacrifice entailed. The troops already abroad and the vast number in training at home for overseas service witness the truth of this statement. To those who have borne the trials of battle longest belong the chief glory of the victory now at hand. It will nevertheless remain a source of immense satisfaction to the people of the United States that in the final stages of the great conflict they were able to help in striking a blow for the preservation of civilization.

Unity of purpose has characterized the policy of the Allies in bringing the war to a victorious conclusion. In the days that are before us, with their heavy burdens of responsibility, may that same unity prevail.

The supreme lessons of the mighty struggle must be these: that no nation can ever hope that the brutal power of might can win

against the moral sense of mankind, and that the nations can promote their own welfare most surely by working in harmony for the common betterment.



The New Era in Banking and Finance

THAT a new era is dawning in banking and finance is a conclusion warranted by the vast changes which the war has caused. Some of the phases of this new era are described and others hinted at, in the succeeding pages, by men eminent in the banking and financial world.

The large bulk of foreign contributions and advertising appearing in this number of *THE BANKERS MAGAZINE* of itself constitutes a remarkable evidence of the broadening of international financial relations. Five years ago anything of this kind would have been impossible. Times are not merely changing; they have already changed, and perhaps to a greater extent than most of us are able to comprehend. Despite the fact that a number of the nations of the world have been fighting other nations, the peoples of the world probably are getting nearer together than they ever were before. It is difficult to see how this progress can be halted, unless the world is to lose permanently much of the momentum gained through past development. Not only to reconstruct what war has destroyed, but even to preserve the fabric of international finance—or what is left of it—coöperation in the future, and of the very closest nature, becomes essential. In the work of carrying on the war, and in the benevolent activities to which the great conflict has given rise, there has been such coöperation. Nations have stood together in defending their existence and their liberties. These things have thus become the common concern of all those nations which are virtually leagued together against the enemy of modern civilization. In the future may not the welfare of other nations which practice justice likewise be the subject of universal interest?

This era of coöperation, enlisting as it must the capital and financial skill of the world, may well be termed "A new era in banking and finance."



The Financial Situation of France

By ALFRED NEYMARCK

M. Neymarck is director of "Le Rentier," Member of the Superior Statistical Council and Ex-President of the Société de Statistique, and has long held a reputation as one of the leading financial authorities of Europe.

WHAT was the financial situation of France on the eve of the war?

What is it to-day?

What will it be to-morrow?

It is these three questions that I shall endeavor to answer in a succinct manner, relying only on the figures obtained from official documents.

ON THE EVE OF THE WAR

When the war broke out, the precautions the most proper to enable our country to sustain the effort from the financial point of view had not been taken.¹ When the war began important extraordinary expenses were added to the normal expenditures in order to fortify our military situation.

From 1904 to 1914, in his general report on the budget, Mr. Clementel estimated at 1,524,076,000 fr., by categories of expenses, the augmentations of expenditures. All the Ministers of Finance had contrived to establish budgets in equilibrium and had recourse to exceptional means to increase the normal resources. These exceptional means from 1904 to the end of 1913 amounted to more than a billion in round figures:

	Millions of Francs		Millions of Francs
1904.....	58.9	1909.....	58.0
1905.....	11.1	1910.....	160.2
1906.....	92.8	1911.....	103.6
1907.....	108.3	1912.....	554.0
1908.....	56.5	1913.....	261.8

It should be noticed that in consequence of the continual development of the public wealth and of the economic activity of the country several budgets

were balanced and even with a surplus; also, in spite of the additional credits regularly voted, it happened that for most part of the time it was not necessary to make use of all the provisions of the budget.

We had, in spite of their seemingly excessive amplitude, poor budgets in a wealthy nation, which grew richer every year. The budgets which we characterized as "poor budgets" had in the meantime attained and surpassed successively three, four and five billions, while in 1869, the most prosperous year of the imperial régime, the budget attained in round figures 1,900 millions. In forty-four years our budgets had therefore swelled from three to four billions, at the most, but the public and private wealth had considerably augmented. France was "creditor everywhere, debtor nowhere," according to our fortunate expression: she had become the banker of the world, according to the authorized statement of the governor of the Banque de France, Mr. G. Pallain, in his report to the stockholders. Without speaking of the incomes which yielded her commerce, her industry, her products of any kind, and keeping in mind only the revenues which produced her negotiable wealth, that is to say, the titles owned by all French capitalists and fund-holders, the increase of private revenues was considerable.

Here is the proof. In 1869 France could own thirty to thirty-five billions

¹ Remark made by Mr. Ribot at the time of the demand to the Chambers of credits relating to the first semester of 1915.

of movable titles, French and foreign titles, yielding, both in good or bad years, from 1,200 to 1,500 millions francs. At the end of 1913 we estimated that this same negotiable wealth attained to 110 or 115 billions in French and foreign movable titles, yielding from five to five and a half billions, without counting the revenues of diverse investments made abroad and which could not be included in the statistics.²

Through the increase of her movable fortune alone, France—that is, her fund-holders—received all years from three billions and a half to four billions more than the increase of her budgets represented. The increase alone of the revenue in movable titles had been from three to four billions.

This explains the facility with which the French fund-holders, who are all taxpayers, bore and discharged the growing burdens of the budgets. In this sense the definition of the great master Léon Say justified itself: rich nation and poor budget or rich budget and poor nation. Incontestably, we had a poor budget in spite of these five or six billions in a rich nation.

With the other profits which she realized in all branches where her activity was exercised France, whatever may have been the nature of the seasons, or the economic, industrial, commercial, financial crises which manifested themselves in all countries, and in spite of the repercussion which several crises, taking place abroad, exercised on us, France had become the most economical country in the world.

Whether the year was good or bad, private citizens, merchants, manufacturers, capitalists, fund-holders, workers of all conditions, put aside from two to three billions, sometimes more, and invested them anew. It has been often said that France was an incomparable ant and that, thanks to the provisions which she piled up without getting weary, she had become, according to an expression of Paul Leroy-Beaulieu, "the blessed earth, the elected country," the country of the foreign bor-

rowers. We have explained in numerous statistics this movement of our thriftiness and the facts have confirmed our figures.³

MEASURES FOR BALANCING THE BUDGET OF 1914

Whatever may be thought of this vast accumulation of growing wealth, which some critics however denied, the budget of 1914 was difficult to be balanced. The budgetary project laid down by Mr. Ch. Dumont, then Minister of Finances, was characterized by an insufficiency of 193 millions and a half. On the other hand, expenditures of war not renewable seemed to have exceeded one billion. It was necessary to have recourse to credit. A project of a perpetual three per cent. loan of 1,300 million francs was put forward, but the question of the immunity of rent brought about the fall of the Barthou Cabinet at the beginning of December, 1913. An electoral campaign began in the spring of 1914 for the renewal of the Chamber, after the sharp discussions which had been provoked by the bill calling for three years' military service. The budget was not voted until July, after numerous provisos—one, at least, of a very radical character. A loan in three and one-half rents redeemable within twenty years and subjected to the income tax of four per cent. of the movable values had been issued July 7, 1914, at 91 fr., payable 10 fr. on subscribing; 21 fr. at the distribution; 30 fr. the 16th of September, and 30 fr. the 16th of November. It had a great success of subscription, but it was not sufficiently classified in the savings portfolios.

Let us keep in mind this date of July 7, 1914. At the same time and almost at the same date the Chamber voted the income tax. It was the great-

² See our communication to the *Société de Statistique de Paris* in February, 1913; also our report *L'Institut International de Statistique, Finances Contemporaines*, and diverse works on the *Valeurs Mobilières*.

³ See our works on the *Valeurs Mobilières* and our reports to the *Institut International de Statistique*.

est fiscal revolution accomplished since the great revolution.⁴

THE WAR IS DECLARED—FINANCIAL SITUATION

A month later, August 4, war was declared. The country was not prepared either from the military point of view, from the strictly financial point of view, or from the economic, commercial and industrial points of view. It seemed to have a fillet on the eyes: it could not believe that with the improved war engines which existed in the world a war was possible, for it would cause too great disasters. One added that, if unfortunately, it should break out, its duration would be short, because the financial resources required to sustain it would be so large that no people could procure them. One foresaw general bankruptcy: the misery and the ruin that would be the net product of such warlike folly.

MEASURES TAKEN TO SUPPLY THE EXPENSES

How have we been able, and by what means, to find the necessary capital; and then, what is our financial situation to-day, since we are in the fifth year of war? Such is the second question put at the beginning of this study.

	Francs
1914 Period of war.....	8,401,103,901
1915 Bill of December 25 and posterior bills.....	22,804,486,525
1916 Bill of December 7, 1916.....	32,896,049,895
1917 Provisional trimestrial credits and other credits voted or in project.	42,121,868,531
1918 Credits in project for the civil service.....	7,808,907,439
Total.....	114,032,416,291

The first measure which the war made necessary was a thorough modification of the budgetary accounts and the rules heretofore observed for the presentation to Parliament of demands of credits. Given the needs which the war imply, their variety and complexity, the unforeseen events which require that the Treasury have immediately on hand as much credits and capital as it might need, it was necessary to permit

the Government the greatest liberty of action in engaging the credits.

From the outset of the war, the bill of August 15, 1914, authorized the opening of extraordinary or supplementary credits, in case the Chambers were not in session, by decrees issued in the Council of State, after deliberation and approbation at the Council of Ministers. On the other hand, in order to make the parliamentary control more efficacious and to bring more clearness into the accounts of the public finances, it was decided that the expenditures of the civil services tending to stabilize an annual budget in the customary form would be established and that the system of provisional credits would be maintained only for the expenses with regard to the war. The Minister of Finances, Mr. Klotz, has kept this engagement. The budget of 1918 comprises the expenses relating to the civil services; there are excluded all the credits corresponding with the military expenses of the war, the armament, the navy and the colonies.

Below appears an abstract of the credits of the civil services proposed for 1918; the credits voted since the war have exceeded 106 billion francs. In adding those of the annual budget of civil services, these credits exceed 114 billions:

The military expenses and the excep-

tional war expenses for 1918 are not included in this amount.⁵

THE EXPENSES AND THE NEEDS OF THE ALLIES

This is not all. France had to satisfy the numerous demands which in-

⁴ See "*Le Rentier*" (June and July, 1914).

⁵ See the *Exposé des Motifs* and the *Rapport Général sur le Budget*.

creased the burdens of the Treasury: advances to the allied or friendly governments, yielding of material to the foreign governments, account of revictualling, advances to the departments, towns, chambers of commerce, to purveyors of war, to privateers, for the industrial and agricultural reconstruction of the invaded regions, reconstruction of railways, maritime insurances, maritime transports, etc.

The advances authorized in favor of the allied or friendly countries, fixed at 360,500,000 francs by the decrees of October 27, 1914, and of November 20, 1914, and ratified by the bill of December 26, 1914, have been brought successively in 1915 and 1917 to 6,013,129,000 francs (bill of August 4, 1917). They are made in the form of remittance to the beneficiary states of Treasury bonds which are discounted by the Banque de France, without interest, or in the form of open credits in the books of the Treasury, to the respective national banks, which permits these establishments to proceed to the emission of bills.

The bonds thus discounted by the Banque de France amounted to 3,160 million francs on the 22nd of last November.

The ways and means resorted to in order to procure these huge totals of billions trench upon the realms of the fantastic, for after having once talked of hundreds of thousands of francs, of millions, of one, two, five, ten milliards, one should invent a new enumeration or new terms in order to indicate the stupendous sums to which the expenses and the cost of the war will amount. These ways and means have been the following:

1. Advances of the Banque de France.

2. Creation of Bonds of National Defense and of Obligations of National Defense.

3. Loans consolidated in two loans in five per cent. rents; the one issued in 1915 from November 25 to December 15; the other, issued in 1916 from October 5 to 25.

4. Loan four per cent. 1917 issued from November 26 to December 16.

5. Loan abroad and investments of bonds of Treasury abroad; loan in United States; loan in Japan; loan on titles to securities, etc.

6. New taxes and augmentation of old taxes.

7. Taxes complementary to the revenue.

8. Exceptional war taxes.

9. Doubly assimilated taxes.

10. Augmentation of taxes on movable values.

11. Taxes on the benefits of the Administrators of foreign companies.

12. Taxes on theatres, concerts, public shows.

13. The collecting of duties on beverages.

14. Taxes on mineral waters pharmaceutical specialties, colonial and succedaneous commodities.

15. Augmentation of duties on sugar, the price of tobacco.

16. The collecting of postal, telegraphic and telephone taxes.

17. Reform of direct taxes and of the existing income tax.

18. The raising of inheritance taxes, of taxes for donations among living persons.

19. Measures taken against fiscal frauds; inventory after death, of safe boxes rented by private persons; obligation of oath for the declaration as regards succession; for the selling of real estate; extension from ten to twenty years of the delay of prescription for the recovery of rights of mutation by decease.

20. Duties of mutation on the contributions in society.

21. Special tax on payments, replacing the gradual receipt stamp.

22. Special tax on merchandise or objects classed as luxurious.

23. Special inheritance tax on luxurious merchandise or objects of luxury.

24. Special inheritance tax bearing upon the whole of the inheritance, with a variable from simple to triple, according to the number of children left by the deceased and progressive according to the total of the inheritance.

25. The raising of rate of tariff of the duties of mutation by decease and between living persons.

26. Suppression of the hereditary vacation beyond the fourth degree, except for the descendants of brothers and sisters of the deceased.

billions 270,838, and the loans abroad to 17 billions 109 millions 703, that is, a total of 68 billions 380 millions.

The floating debt, the debt at terms or by annuities, the advances of the Banque de France and to the Banque d'Algérie have been as shown herewith:

	July 31- Dec. 31, 1914	Dec. 31, 1915	Jan. 31, 1916	Oct. 31, 1917
In millions of francs				
Floating debt	468	1,586	8,311	13,889
Debt at terms and by annuities.....	342	342	1,126	7,837
Advances from the Banque de France and Banque d'Algérie.....	342	3,900	5,075	8,325
				12,280

THE FINANCES OF WAR—THEIR BALANCE SUMMED UP

We have given so far a brief sketch of the finances of the war and of the means which have been employed in order to meet all the burdens: openings of credits, resources of loans, normal resources, loans at home and abroad, floating debt at short and long expiration, debt by date or by annuities, advances of the Banque de France and of the Banque d'Algérie. It would have

SUMMING UP THE ACTUAL SITUATION

In the amount of the floating debt there are comprised the Bonds of National Defense, of which it will be permitted us to say, that from the beginning of the war we have taken the initiative to advise their creation⁶ to the Minister of Finance who was then in office, Mr. Noulens, and that Mr. Ribot, his successor, created these obligations in September, 1914.

The public debt of France, debt at

EXPENSES

	Francs
Credits open from August 1, 1914, to December 31, 1917.....	106,223,508,852

RECEIPTS

Years	Resources of loans in thou- sands of francs	Normal resources in thousands of francs	Total
1915	19,320,573	3,770,516	23,091,089
1916	24,867,769	4,640,811	29,508,580
1917 (ten months).....	24,192,199	4,526,905	28,719,104

taken a great volume to detail all these chapters and paragraphs on expenditures as well as on realized receipts. We have synthetized, in a few figures, the admirable effort of France and we have endeavored to show, as in a balance, what she has received, and what she has paid, which enables us to see what is the actual situation. This is the balance:

If one makes the division between the loans at home and abroad, one finds that, according to the figures extracted from the situation of the Treasury, the loans at home have amounted to 51

home and abroad, the floating debt from August 1, 1914, to the end of 1917, has augmented in capital more than eighty

⁶ See "Le Rentier" of August 17, 1914. We wrote what follows: "Courage then and confidence! The day when, by precaution, the Government would increase its reserves of capital, it would suffice to open the wicket of the Treasury, to make appeal to the coöperation of all the agents of its administrations and financial excises, without making emission or public loan. It could place, when and how it would please, Bonds of the Treasury and Defense—Bonds of National Defense—at short expiration, in small and large coupons, with the greatest facility.

"To intrust his capital to the Treasury for the National Defense! The Bonds of National Defense! for there is the name that the public would give them immediately, who would refuse and dare to refuse to subscribe?"

billions, representing an annual burden of almost four billions (3,687 millions). With the burdens of our debts before the war, the service of interests to pay to the holders of consolidated five per cent. rents, three per cent. perpetual, three per cent. redeemable, four per cent. rents, debt redeemable at terms, debt for life—without counting the annuities to be paid for the reparation of damages, military pensions and supplementary civil pensions, bills and other expenses, etc., the annual budget should cover the following payments, which are sacred, for they constitute a part of the public debt:

Rents, 3 per cent.	590,832,138	
Rents, 5 per cent.	1,335,648,000	
Rents, 4 per cent.	560,000,000	
Francs.....	2,286,580,138	2,286,580,138
Debt redeemable at terms.....	2,524,324,118	
Debt by annuity.	448,238,503	
Francs.....	2,972,562,621	2,972,562,621
Total.....	5,259,142,759	

That is, more than five billions, in round figures, to which one should add the billions necessary for the diverse civil services, the cost incident to the levying of taxes and their collection, without counting the costs and expenses, multiple and unforeseen, that no one would know how to estimate.

THE BUDGET OF TO-MORROW AND THE BILLIONS OF PEACE

It would be very difficult at the present time to try to venture upon any exact figures in saying that our budgets of to-morrow may amount to ten, twelve, fifteen billions or more. What is sure is that our budgets of to-morrow and those after to-morrow will be unavoidably wide in scope and great in size, in order that they may serve the work of reconstruction. France, after having procured such large resources for the war, will still have to procure those which will be necessary for the work of peace; that is to say, the reconstruction of the country and its preparation

for a new forward march of its productive forces, for its commerce and industry; consequently, she will need to have at her disposition the billions of peace.

It is what happened on the morrow of 1870. At that epoch, in a study which seems to have been written for the present epoch, we reviewed the history and the statistics of what we called the "Billions of the War"¹ and the "Billions of the Peace." We manifested then an absolute confidence in the future of our country, and this confidence we have to-day as strong and as vivacious as forty-eight years ago. The facts have confirmed the faith of other years.

At the session of the Senate, the 13th of last June, the Minister of Finances, Mr. Klotz, said:

"We shall see the next year a budget which will reach ten billions. It is only the beginning of increasing budgets that we shall have after the war. It should not be hidden. * * * Let us keep away from school contests concerning direct contributions and indirect contributions. It will be necessary to appeal to the one and to the other. Large loans are necessary for consolidating the floating debt, and taxes are necessary for paying the loans in order to give confidence to the saver."

Courageous and true words!

THE FINANCIAL SITUATION OF TO-MORROW

Such is therefore the present situation. Let us ask with entire confidence: What will be the situation of to-morrow? An era of prosperity, and of economic, commercial and financial development, will dawn upon our country. It should be remarked that at any epoch, with the power of will and energy which characterizes her, France, by her work, her energy, her will to save, has always become stronger and more powerful, after the greatest misfortunes; she sets herself to work, and

¹ "Les Milliards de la Guerre, in 1870." See also our "Finances Contemporaines."

like Antæus, she finds new forces by kissing the earth! *Alma Mater*, the nutritive mother!

France will have shown that, in this barbarous war, with its atrocities, which Attila of the Huns would never have perpetrated with such a refinement of cruelty and horrors, there are the great principles of liberty, of right—the great laws of humanity, moral laws, human laws, the respect for an oath and for contracts,—that constitute the strength of nations and individuals.

Count the number of the nations that have come to range themselves around France and her Allies! Count those that Germany has attracted towards her! Liberty, Right and Justice have fought and are fighting for the countries of the Entente—for ourselves—and it

is because of this fact that France justifies the confidence which we manifest and that the world has put in her!

If, from the strictly economic, statistical and financial point of view we consider the situation in the future, we shall say with absolute confidence that a country like ours, which before the war saved and put aside several billions, will gain and economize much more after the victorious, delivering, compensatory peace.

France has done her duty, is doing her duty, and will continue to do it. As we wrote during the period of our two great five per cent. loans: "*To do one's duty is the best of investments.*" The strength and the source of our credit lie in the confidence that France has deserved by scrupulous respect for her engagements.

Japan's Position in War Time International Economy

By KAZUYE SHODA, Japanese Minister of Finance

THE BANKERS MAGAZINE of New York is an organ of international repute devoted to the discussion of finance, economy, and affairs of the money market, and indeed in this special field it is universally recognized as an authority. I deem it a pleasure to send at its request this contribution to the special number it is going to issue about international finance, my idea being to enunciate briefly my thoughts on Japan's position in war time international economy, on her economic concert with the Allies, and on the urgent necessity of promoting economic coöperation between the United States and Japan.

JAPAN'S INTERNATIONAL ECONOMIC POSITION BEFORE THE WAR

FIRST I must make a brief reference to Japan's pre-war position in international economy. Perhaps one of its noteworthy features in this respect was the continued adverse balance in foreign trade. For in-

stance, in 1913, against the total exports of, roughly, 682,460,000 yen, the volume of imports amounted to 729,432,000 yen, leaving the balance in favor of the latter 96,972,000 yen. Then there were foreign loans involving payment of no small amount of interest, and other non-tradal accounts payable

to foreign countries, such as freight and insurance, aggregating in all 100,000,000 yen in round numbers. These two items of foreign indebtedness of Japan amounted to 200,000,000 yen in the year preceding the war. This large account to settle with foreign countries weighing heavily on the minds of our financiers, Japan had to pursue a policy of contraction in all her financial arrangements, and needless to say in international economy Japan's position was therefore one of secondary importance.

The foregoing statement is intended to outline our financial status before the war, and I shall try next to show what influence the war has exerted upon it and what change it has occasioned upon the financial policy of Japan in its external relations.

JAPAN'S INTERNATIONAL ECONOMY DURING THE WAR

The spark that was kindled at a corner of Europe in August, 1914, first set the whole continent ablaze and next dragged into the vortex the whole world, till no less than twenty nations, urged by the dictate of humanity and impelled by the idea to defend the cause of justice, have been obliged to band together and to fight in accordance with a coördinated plan the terrible enemy which President Wilson named a "state of the devil." For four years now the Allies have strained their utmost to overcome the enemy, and yet the struggle is still raging with unabated violence, the most catastrophic event the world has ever witnessed. One thing that is reassuring in this connection is the part the United States is now playing in championing the common cause of justice. Her millions of troops, hurriedly sent to the western front, are winning universal admiration for their valor and dash and are striking terror into the hearts of the war-worn soldiers of Germany and Austria.

It is really a matter of gratification that there is no longer any room for doubt that victory for the cause of the Allies is assured and that in a near fu-

ture our cause will be crowned with complete success.

The war has revolutionized the political, educational and economic affairs of the world. Its effect upon international finance has been especially severe, so that nobody will be bold enough to prophesy the consequence. At least I hesitate at this moment to take the public into confidence as to my own observation and thoughts upon those tremendous questions. I shall, therefore, confine myself here to describing briefly what effect the war has brought upon the international economy of Japan and what steps our country has taken to meet it.

Tremendous as has been the change the war has occasioned upon the economic life of Japan in her external relations, it was on the whole similar to what the United States has experienced from the same cause, the difference being one of degree. Stated in a few words, the war changed Japan, in international economy, from a debtor to a creditor country. This is seen, in the first place, in the balance of foreign trade. In 1915, for instance, owing to the large increase of exports in munitions and other commodities as against a decreased arrival of foreign goods, the customs recorded a favorable trade balance of 175,857,000 yen, and it grew in the following year, 1916, to 371,000,000 yen, the growth of exports being out of proportion to that of imports. This tendency was further accentuated in 1917, with the result that the favorable balance from the outbreak of the war to the end of April, 1918, came up to 1,170,000,000 yen. A similar change is noticed in our international account other than trade, the amount credited to Japan on this account reaching during the same period 962,000,000 yen approximately. In other words, the war has created so far for Japan foreign credits amounting to 2,032,000,000 yen, in round numbers, thereby completely revolutionizing her position in international finance. It is worthy of note that besides bearing her due share in the common war programme of the Allies, Japan has adopt-

ed a financial arrangement suitable to the changed condition of her external economic relations and has done her utmost for extending financial help to the Allies, as will be explained in the following paragraph:

1. For Great Britain. In December, 1916, Japan took up 100,000,000 yen of British Government yen Exchequer bonds issued in this country, then 100,000,000 yen of British Government treasury bills in August of the same year, then 80,000,000 yen of British Government yen Exchequer bonds in January, 1918, and adding to these the other Treasury bills, war-bonds, dollar loans, either purchased or otherwise invested in by Japan, it may be stated that the total amount disbursed by this country for extending financial support to Great Britain reaches 741,000,000 yen, in round figures. It may be noted in this connection that in thus rendering financial help to her Japan did her best to facilitate exchange operations between Great Britain and the United States by applying the dollar reserve she had kept in America for the purpose of replenishing the exchange funds of Great Britain.

2. For Russia. Financial help extended to Russia on several occasions since the war roughly totalled 254,000,000 yen.

3. For France. Lastly, similar service rendered to France during the same period either directly or indirectly is represented by the total of 160,000,000 yen approximately.

All this financial service rendered by Japan to the Allies may not appear so large as compared with the war outlays of all the belligerents which have now attained such huge proportions, but viewed in the light of our resources, as a manifestation of our sincerity and the embodiment of the best Japan could do for the Allies in this particular direction, I think this service of our country may be commended to the appreciative consideration of the American people.



KAZUYE SHODA
Japanese Minister of Finance

NECESSITY OF ECONOMIC COÖPERATION BETWEEN JAPAN AND THE UNITED STATES

Now let me refer to the part the United States has played in war time as regards military, economic and other affairs. The first thing that must strike all sane-minded observers in this respect is assuredly the vastness and thoroughness of her preparation, enough to overawe on one hand the enemy powers and on the other to inspire the whole world with surprise and admiration. As a member of the Allies, we Japanese are filled with gratification and pride

to have such a mighty nation fighting on our side. There can no longer be any room for doubt that, supported by the traditional spirit of unflinching courage and strenuous and unsparing exertions, and above all backed by her inexhaustible resources, America may surely be expected to emerge from the struggle as the last victor in the field, to usher in a new epoch of reconstruction for the whole world, and that both in war time and after she will occupy a supreme position as an arbiter of the world economy. Nor is there any second question, that Japan, bent as she is upon contributing her share in the cause of permanent peace of the world, would make it a primary condition in her diplomacy to maintain on the one hand relations of utmost cordiality with such a great nation, and that she would, on the other hand, make it as a fundamental principle of her international economy to enter into bonds of close economic connection with America and to establish the basis of coöperation with her, to the end that Japan may realize her aspiration of playing her part in the great work of expanding the economic activity of the world. It is, therefore, a matter of sincere congratulation for the two nations that, of late, signs are fully in evidence that they are sincere in their desire to bring about this peaceful union. Some of such signs are the appointment by our Government of a Financial Commissioner in New York to attend to our financial business in America and to promote our economic relations with her, and then the despatch in autumn last year to the same country of Baron Megata with a number of our officials and prominent business men as a Special Finance and Economic Commission charged with the important task of investigating her financial and economic measures in war time and to promote friendly relations between the two countries. The mission was a complete success. It was received with warm welcome by your Government and the public and brought home, among all, an important agreement in the shape of exchange of mutual facilities between

the Bank of Japan and the New York Federal Reserve Bank in regard to the international finance during and after the war, thus constituting assuredly one important step toward the realization of the American-Japanese economic coöperation. It is my fervent hope and wish that the contracting parties should fully carry the agreement into practice both in war time and after for promoting the economic development of the two countries. There are other similar plans which I must recommend to the best consideration of American financial circles, and that is to bring about regular connection between the Industrial Bank of Japan, one of our largest banking institutions, and the American banking world, a similar relation between our East Asia Exploitation Co., Ltd., and American banking and industrial circles, and lastly the question of establishment of an American-Japanese bank. Certainly the translation of all such and other similar schemes into practice will further substantiate the important idea of mutually helping the economic expansion of the two countries.

One thing I am impelled to emphasize in this connection is the necessity of the financiers of the two countries joining hands for the joint economic exploitation of China. It is gratifying to note that as regards China the two countries have already shown to the world their perfect unity of purpose in political and diplomatic affairs—I mean the publication in November last year of a joint note on the subject. I believe it is equally imperative that a similar understanding be arrived at between the two countries as regards the economic field of China. Needless to say, it is in the interest of four hundred millions of Chinese people, of the peace of the Far East, and eventually of the prosperity of the world commerce that China should be made to exploit her resources and should strengthen her financial position. To further this cause all the powers are bound to invest in China with the spirit of strict sincerity and in the attitude of justice and fair play. It is a matter universally known, I believe, that in pursuance of that far-

reaching aim our Government has already made the question of Sino-Japanese friendship as its cardinal policy, that it has given word to the whole world to devote its best energy in the interest of the promotion of her prosperity, the stability of her national status, and the maintenance of her territorial integrity. Our Government, by devising various measures for effectually promoting the economic development of the country, is trying to show, by one means or another, that is judged best for the purpose, how sincere we are in dealing with this grave problem. In making investments in China this far-sighted consideration has taught Japan to scrupulously avoid any attitude that may be construed to imply selfish desire of acquiring concessions; she is directing all her efforts to safeguarding the principle of the open door and equal opportunity. The loans Japan made to China were advanced in strict accordance with that idea. This strongly reminds us of the necessity of Japan and America speedily coming into an understanding as regards economic affairs of China, for the United States, from the enlightened and upright diplomatic policy traditional to her, must

be keenly interested in maintaining the independence and territorial integrity of China, and must be convinced at the same time that for accomplishing this noble purpose the most efficient way lies in financing that country. The same intelligent Americans must be well aware that this help can be rendered most easily and conveniently through understanding with this country, which occupies a position of great advantage towards China, geographically and otherwise. We are highly to be congratulated that the question of American-Japanese economic understanding, which we have been consistently advocating for years past in pursuance of that great aim, is steadily gaining ground and approaching realization, and my fervent wish is that the two nations will apply themselves more strenuously in the furtherance of this peaceful project.

Let me conclude this article with my heartfelt prayer for the closer adhesion of the Allies, to the end that permanent peace may be established on earth and that a new régime of humanity and justice be speedily ushered in to rule the world.

The War and Banking

By SIR GEORGE PAISH

AT the outbreak of war a great deal of interest arose as to its probable effect upon banking, and there was a tendency, first on the part of the public to withdraw deposits from bankers, and secondly on the part of bankers to call in loans from the public. Both of these measures were precautionary and were based on the idea that in some way or other the war would

have an immediately adverse effect upon individual, banking and national prosperity. The experience of the war has proved the fallacy of these expectations. Instead of a diminution in the incomes of individuals, withdrawal of banking deposits and reduced power to borrow and to spend money, it has brought about an enormous expansion in individual incomes and an immense

expansion in banking deposits in the belligerent states. Moreover, borrowers instead of having loans withdrawn from them have found greater ease in obtaining banking loans than ever before. Indeed, the supply of banking money in the London market is now so abundant that the rates for short loans are lower even than in times of peace, while discount rates are rather under than above normal. From the financial point of view, that is from the standpoint of the incomes of individuals, from the amount of money available for investment and from the growth of banking deposits, the war has brought a condition of prosperity so great as to be almost incredible. In Great Britain, in a period of a little over four years, the British people have subscribed nearly £7,000 sterling for new issues of Government debt, and when full allowance is made for the money they have borrowed abroad and the securities they have sold abroad, they have subscribed out of their own savings and profits between £5,000 and £6,000 millions sterling for new securities, that is for War Loans, Exchequer Bonds, Treasury Bills, etc. This is an average of considerably over £1,200 millions sterling a year, whereas prior to the war they were never able to subscribe more than £250 millions sterling for new securities in a single year. In other words, the savings of the British people available for investment in securities during war have been five times their normal amount. In the current fiscal year the British people will subscribe over £2,000,000,000 for war loans or over five times their total annual savings prior to the war.

The annual income of the British people before the war was about £2,400 millions sterling, with the level of wages, profits and commodity prices at that time current, and this income has now risen to considerably over £5,000 millions sterling a year, with the high wages, profits and commodity prices now current. It is this enormous expansion in income that is enabling them to meet a governmental expenditure of nearly £3,000 millions sterling, in the

current fiscal year, whereas prior to the war the governmental expenditure was only at the rate of about £200 millions a year. The war expenditure of the British Government has thus doubled the aggregate income of individual British citizens.

The effect of such conditions upon banking deposits is obvious. It is impossible for the national income to double without such expansion being reflected by a corresponding growth in banking deposits, and during the war the deposits of purely British banks have risen from about £1,000,000,000 in 1913 to nearly £2,000,000,000 at the present time.

CONDITIONS IN FRANCE

The course of events in France has not been as favorable as in England. Nevertheless, the financial strength of France under the circumstances has been surprisingly great. The invasion of that country right at the beginning of the war necessarily caused much dislocation and disorganization, and as at that time no one could foresee what would happen, the public necessarily desired to carry large sums of money in their pockets as a provision against anything that might happen and consequently drew upon their deposits with bankers somewhat freely. Nevertheless, as time went on and the military situation in France improved, confidence increased and the French people have been able to place large sums of money in war loans, and at the same time to add largely to their deposits with bankers. Since the war began the debt of France has increased over £4,000 millions sterling, of which the greater part has been subscribed by the French people themselves, including, of course, French bankers and the Bank of France, while the deposits of the French banks have increased about fifty per cent., the greater part of the increase having taken place since the Battle of the Somme in 1916. Furthermore, the income of France was very seriously reduced by the great contraction in her productive power owing to

the invasion of some of her most fertile lands and of her industrial and mining districts, and to the calling up of almost the whole of her man power to repel the invaders, as well as by the stoppage of tourist expenditures and her inability to collect income from Russia. The situation was, however, improved in consequence of the expenditures in France of the British army that was sent over as quickly as possible, and is now greatly improved by the additional expenditures of the rapidly growing American army in France. In spite of the serious reduction in her productive power and the absence of tourists, it is evident that the income of France, having regard to the level of wages and prices, is at least twice as great as it was prior to the war. In the days of peace the savings of France were calculated to reach about 200 million pounds a year; from the amount of money subscribed by the French people to French loans it is obvious that her present savings are at least five times that amount.

EFFECTS OF THE WAR ON ITALY

The effect of the war upon individual incomes and upon banking deposits in Italy has been similar to that in Great Britain. The relatively enormous expenditures upon the war have greatly added to the income and wealth of individuals and have at the same time brought about an unexampled expansion in banking deposits. In three and a half years Italy has incurred a debt of about £1,500 million sterling, of which the greater part has been provided by the people of Italy, who in normal times are able to save relatively little, while the deposits of Italian banks have increased nearly three-fold.

In normal times such immense expenditures by the Governments of Great Britain, France and Italy would have brought about a great exodus of gold to other countries to pay for their vast purchases of produce and goods of all kinds in all parts of the world, purchases that could not be paid for by the export of goods, but in this time of war there has on balance been no ex-

port of gold. The new gold received from the mines has been sent out again, that is all. The goods bought abroad which could not be paid for in goods have been paid for in securities and the aggregate amount of gold in the banks of the three Entente countries has, on balance, largely increased. The amount of gold held by the Bank of England has risen from £40 millions to £71 millions since war began; the amount of gold held by the Bank of France, both in its own vaults and abroad, has risen from £165 millions to £217 millions, and the stock of cash in the Bank of Italy is practically unchanged at £45 millions.

THE NEUTRAL COUNTRIES OF EUROPE

Nor has the war brought about any diminution in the financial prosperity of the neutral countries of Europe. Norway, Sweden, Denmark, Holland and Spain have all appreciably increased their incomes since the war began and have been able to make greater investments, both in their own and in foreign securities, than ever before, at the same time adding largely to the amount of money they possess on deposit with bankers. Moreover, the prosperity of these countries has not been stimulated by the creation of immense war loans; it has come from the sale of their products to other countries at a level of prices that has brought them much greater incomes than normally. Not only have they been able to buy large quantities of foreign securities out of their great profits, they have also imported considerable amounts of gold. Since the war began the stock of gold in the National Bank of Sweden has risen from under £6 millions to nearly £15 millions, the stock of gold in the Bank of Norway has risen from under £3 millions to nearly £7 millions, and the stock of gold in the Bank of Denmark has grown from £4 millions to over £10 millions, while the amount of gold held by the Bank of Holland has risen from about £13 millions to nearly £60 millions. The Spanish people, too, have derived very great advantage from the war. They have sold

their produce at high prices and have taken payment partly in goods, partly in securities and partly in gold. The Bank of Spain has thus increased its stock of gold from £22 millions prior to the war to nearly £88 millions at the present time. From the financial standpoint the Swiss people have also done very well by the war. They also have sold their produce at a high level, and they probably have had as many foreign visitors as ever—these visitors consisting chiefly of refugees and interned combatants. Consequently they have been able to purchase large amounts of foreign securities and to increase the stock of gold in the National Bank of Switzerland from under £8 millions to over £17 millions.

ECONOMIC AND FINANCIAL EFFECTS OF THE WAR

Thus, from the point of view of private income, of private profit and of expansion of banking, the war has brought universal prosperity. Nevertheless, fundamentally, the economic and financial effect of the war upon the peoples of Europe in the long run must necessarily be injurious. Indeed, the food production of Europe already shows immense contraction, the contraction being very great in the enemy countries and in Russia. Fortunately the curtailment in the productive power of the Entente nations has been largely offset by the increased food production of the Americas, and especially of the United States, of India and also of Australia, and consequently the Entente nations are able to obtain all the food they need to keep them in good health. Of course, the curtailment of production other than for war purposes renders it necessary for the Entente nations greatly to expand their imports, although their exports show no expansion or are diminished, and it is inevitable that the war for the time being should bring about an entire change in the economic and financial situation of the Entente powers. In times of peace the Entente nations were able to lend money to all the world and their

trade balances reflect their considerable exports of capital. Now, in war the Entente nations have to purchase much greater quantities of foreign goods than normal, and for these they have to pay high prices, and consequently they are no longer able to lend money to foreign countries, but are compelled to withdraw capital previously lent and to settle adverse balances by sales of their own securities when no other method is practicable. In other words, during the war the Entente nations have become borrowers from the world instead of lenders to it. This means, of course, that in spite of the apparent prosperity of individuals, the belligerent nations are mortgaging some of their future income to the rest of the world in order to finance their present requirements. So far, the amount of the mortgage, having regard to the vastness of their war expenditures, is relatively unimportant and no difficulty whatever will be experienced in redeeming this mortgage soon after peace is restored.

AFTER WAR BANKING AND FINANCIAL PROBLEMS

In considering after the war banking and financial problems it is essential to take into account the fact that the belligerent nations have during the war borrowed considerable sums of money from other countries, and that they will desire to repay these loans as quickly as the recovery in their productive power permits. Further, in considering their power to repay these loans after the war is over two things must be taken into account, first, the nature of the peace and second the readiness of the various powers to coöperate in the work of reconstruction. A peace bringing an economic war after the war and the maintenance of armaments is unthinkable, for it would impose burdens upon all the nations which they would find very great difficulty in bearing, having regard to the burdens which the war will impose. If there were not other reasons for a complete and final settlement of the international difficulties

than the financial and economic ones a clean peace would still be absolutely essential for the world's financial and economic situation demands, a peace in which all serious grievances are removed, and one which will permit all nations to coöperate with one another in the work of reconstruction, and to effect a great reduction of armaments. As the war aims of the United States and the Entente powers are directed to this end we may safely conclude that the peace when it comes will be entirely conclusive and that one need not consider the financial and economic conditions which would prevail if competition in armaments were to continue and if this war were to be followed by an economic war. It is clear that this war must be continued until a comprehensive and complete settlement can be effected and until all the nations of the world agree to coöperate in order to preserve peace and to avert any financial or economic dangers arising from the present war.

What then will be the banking and financial problems on the assumption, indeed on the certainty, that the peace will not only be conclusive, but highly satisfactory? Will the incomes of the Entente and other nations show great contraction? Will the Entente nations experience any difficulty in redeeming their loans to other countries? Will Great Britain and France resume their position as world bankers, and will the young countries, including the United States, resume the wonderful progress they displayed before the war, not merely in income which has shown such wonderful expansion during war, but in population and productive power?

Provided that the nature and effect of peace create an international atmosphere of coöperation and of friendship, the task of restoring the damage caused by the war should be an easy one. The Entente nations should experience no difficulty in repaying their debts to other countries, and in a very few years should again be supplying great sums of capital for the development of the world's natural resources. Since the war began British bankers have very

largely added to their cash resources on the theory that the great expansion in deposits was what they termed "bad money," in other words, money that was liable to withdrawal as soon as peace was restored. Before the war their proportion of cash to deposits was about fourteen per cent.; according to their latest balance-sheets the proportion of cash to deposits was over eighteen per cent. In considering the question of whether or not the immense expansion in banking deposits will disappear when the war is over one has to take into account several features, not the least important of which are the level of commodity prices and the level of wages. Generally speaking banking deposits are the till moneys of a nation, needed to meet current expenses and bear a direct ratio to the nation's turnover. When the income of the British nation was about 2,400 millions pounds sterling the deposits of the banks of the United Kingdom were about 1,000 millions pounds sterling, representing a proportion to income of about forty per cent., and to turnover of probably ten per cent. At the present time the deposits of the banks of the United Kingdom are about £2,000 millions and with a national income of about £5,000 millions, arising from the great advance in prices, wages and profits, the proportion of banking deposits to national income is still only about forty per cent. and to turnover about ten per cent. In other words, the nation is keeping just about the same amount of till money in relation to its annual income and to its annual turnover as it did before the war.

SHORTAGE IN THE WORLD'S FOOD SUPPLY

In considering what will arise after the war account has to be taken of the severe shortage in the world's food supply that will arise, when the demands of Germany, Austria, and possibly of Russia, are added to the demands of the Entente and neutral nations in the markets of the world. The shortage of food and of raw materials which already exists will, it is evident, be still

greater when the needs of a larger number of powers have to be met. The situation, indeed, will be such that every possible inducement will have to be given to producers in all parts of the world to increase their production of food and raw materials in the shortest possible space of time, and obviously prices must be maintained at a level high enough not only to induce persons already engaged in production to maintain their output, but also to induce large numbers of additional persons to emigrate to those parts of the world where food and raw material can be most profitably and most speedily produced. Consequently, there is very little prospect of any appreciable fall in prices, either in food or in commodities—war materials excluded—for a considerable period after the war. In fact, unless the post-war economic situation which will arise when Germany and Austria come into the world's markets for food is most carefully handled and dealt with by coöperative action between the nations, a dangerous situation may be created by the shortage of food and the menace of famine. Thus there is not likely to be any considerable fall in the prices of food. Much the same considerations apply to raw materials. Industrial countries cannot fully resume work until an adequate supply of raw material is available.

FUTURE COURSE OF WAGES AND PRICES

Again there is not much doubt about the permanence of the rise in wages that has occurred in all parts of the world. One has to remember that this war is a war of democracy against autocracy and that the conclusion of peace is expected to mark the rise of democracy to the control not only of national affairs, but the world affairs. The solidarity of interest that is growing up during the war between the world's democracies is likely to become still greater, and when the war is over will probably prevent that competition between the nations which formerly took the form of attempting to secure cheapness of production by keeping down the rate of

wages. The great interest that has been already taken by the working classes in Europe in the war and their demand to participate in its settlement clearly reflect the wider views now held by these classes of world coöperation and their appreciation of the importance, not only of national organization for the purpose of maintaining a living wage, but of international organization also. Thus the world is faced with the prospect that after the war not only will the prices of food and raw material be maintained at a high level, at any rate for some years, but that wages will be maintained at relatively high rates. Of course, the abnormally high wages earned by people engaged in the making of munitions, of ships, etc., where some workers are reported to be earning many times their normal income, are not likely to be maintained indefinitely, though in certain trades where the pressure after the war will still be abnormal, even these very high wages may be maintained for a time. These abnormal wages are, of course, due to exceptional circumstances which sooner or later will pass away. It is evident, however, that "time" rates of wages, which during the war have shown but moderate increase, in comparison with rates for "piece" work, are not likely to show much decline when the war is over, and consequently it is clear that national incomes are not likely to fall back to their pre-war levels. This matter is of great importance to bankers, both from the standpoint of the extent of their deposits and of their holdings of national securities. With cheap commodities and cheap labor the burden of the interest of war debts would be very much greater than it will be with the much greater incomes which the nations will enjoy in consequence of the maintenance of prices and of wages and the increased productions these will bring. Thus if it were possible for the British nation to maintain an income of over £5,000 millions after the war is over with a war debt of say £10,000 millions, bearing five per cent. interest, the charge of £500 millions for interest would bear a proportion of only

ten per cent. to the national income. If, however, Great Britain's income were to fall back to the pre-war level of £2,400 millions the burden of interest would reach over twenty per cent. of her income. Although it may not be possible for Great Britain to maintain so great an income as £5,000 millions after the war, yet it is obvious that she will endeavor to do so not only by reason of the high prices of commodities and of the high rates of wages, but because of the effort she must and will make to expand her productive power. And what applies to Great Britain applies to all the belligerents. The organization of industry for war has brought about wonderful economies in methods of production by means of labor-saving machines and it is obvious that the productive power of Great Britain and of the other belligerent states will show very great expansion after the war when an ample supply of labor will be available for increasing production, including the construction of modern machinery. The only difficulty will be the question of raw material. Here everything possible must be done to increase supplies as quickly as possible by promoting emigration and by providing the capital needed to increase the world's supplies, both of food and of raw material. This capital will be found by the mere fact that the belligerent nations of Europe will redeem the debts incurred by them during the war and due by them to the countries which produce food and raw material. The repayment of loans to foreign bankers and the redemption of Government and other bills now held by them, as well as the repurchase of securities previously sold, will in the first few years after the war supply these countries with very large amounts of the capital they will need to increase their productions. In other words, countries which have sold produce against securities during the war will be able to finance themselves after the war by means of the money they have saved during the war and which they still have to receive from the belligerent nations.

REDEMPTION OF BANK NOTES ISSUED

In the foregoing no reference has been made to the very large quantity of bank notes issued during the war in all the belligerent states at the instance of the various governments. What action the governments will take to redeem the bank notes when the war is over cannot yet be discovered. It is obvious that the withdrawal of the notes from circulation must be gradual in order that the transition from war conditions to peace conditions may be effected with the least possible disturbance. With the credit of the belligerent states maintained as it will be by a satisfactory peace no difficulty would be experienced in effecting the redemption of the bank notes by a funding process, if such a course were desirable. What seems likely to happen is that the restoration of peace will restore complete confidence to the public and individuals will no longer desire to carry in their pockets great quantities of bank notes as they now do. Consequently, the bank notes will gradually accumulate in the banks and will either be paid off by the sale of government securities or will be cancelled by the creation of sinking funds. Probably the notes will return to bankers much more quickly than it may be possible to redeem them out of sinking funds and in that case their redemption will be effected by bankers exchanging them for short-dated government debt.

The amount of Bank of England notes created since the war began has increased only from £29 millions to £59 millions, while the amount of currency notes issued by the British Treasury is £273 millions. The latter holds against the issue £28,500,000 in gold and £251 millions of securities. In France the note circulation has expended from £267 millions to £1,191 millions, and in Italy from £69 millions to £319 millions. The note circulation of the banks of neutrals has also greatly increased, that of the Bank of Spain having risen from £77 millions to £120 millions since the war began and of the Bank of Holland from £36 millions

to £80 millions. The circulation of notes in the enemy countries has shown even greater expansion, that of the Bank of Germany, including Treasury notes and loan notes as well as notes of the Reichsbank, having risen from £94 millions to £1,112 millions. The Bank of Austria-Hungary has ceased to issue regular returns, but it is obvious that its note circulation has risen from £89 millions prior to the war to something over a thousand millions sterling at the present time, including notes of all kinds. The country in which the issue of notes during the war has been most prolific is Russia, where a large part of the cost of the war and of the revolution has had to be met by the printing press. Prior to the war the note circulation of the Bank of Russia was £163 millions, in October, 1917, it was no less than £1,836 millions and at the present time the amount is probably a long way over £2,000 millions. It must not be imagined that even in Russia the situation cannot be straightened out provided there is settled government which commands confidence both at home and abroad, and which deserves and receives the assistance of

other nations. With a coöperative policy between the powers the notes of the Bank of Russia could be redeemed at a fraction of their face value by means of a guaranteed loan, the service of which would be well within the powers of a reorganized and strong democratic government.

In brief, the solution of all the economic and financial problems that will need to be solved at the close of war will depend upon the nature of the peace and whether the world after the war is or is not animated by the spirit which is reflected in the war policy and in the peace aims of the American people as expressed by their President. If that spirit universally prevails and instead of a policy of antagonism the world pursues that policy of coöperation which would find expression in a League of Nations, then no difficulty will be experienced in adjusting the problems which will arise. If that spirit were not to prevail it would be idle to discuss either the problems or their remedy. But there can and must be no doubt as to what the nature of the peace will be or as to what policy will be adopted when peace is restored.

British War Finance*

By the RT. HON. A. BONAR LAW, Chancellor of the Exchequer

ADVANCES BY THE UNITED STATES

THE House will perhaps remember that when I presented the Budget Statement a year ago I pointed out that America had just entered the war, and that it would not be possible to make any adequate forecast as to what our advances to the Allies would be. I said then that I was certain that the Government of the United States would assist the Allies

financially to the full extent of their ability, and I am glad to say that that expectation has been realized to the full. In spite of the assistance of the United States our advances to the Allies last year amounted to £505,000,000. That is taking the face value of the obligations and not the cash advanced.

*From an official statement made to the House of Commons and specially furnished to THE BANKERS MAGAZINE by the Chancellor of the Exchequer.

In addition to this the United States has advanced to the Allies no less a sum during the year than £950,000,000. Of this amount approximately £500,000,000 were advanced to us, and £450,000,000 to the Allies. The House will see, therefore, that whereas this year we advanced to the Allies approximately the same as last year, £505,000,000, as against £540,000,000, the United States advanced, in addition, £450,000,000. That is to say, the total advances to the Allies by us and by the Government of the United States were £955,000,000 as against £540,000,000 advanced by us alone last year. This will show the Committee how enormously the financial needs of the Allies have increased, and how timely, and indeed necessary, was the financial assistance which has come from the United States. But the Committee will have noticed, on the figures I have given, that our advances to the Allies were in the year approximately of the same amount as the advances made to us by the Government of the United States. This is satisfactory. It means that it is only necessary for us to lean on the United States to the extent that the other Allies lean upon us. In other words, after nearly four years of the war, we are self-supporting. This is important from another point of view also, as showing that, in spite of these advances, the net amount of indebtedness outside these islands has practically not increased.

The only other item of expenditure not included in the Blue Paper is the Debt Charge. This amount is put at £315,000,000, of which £53,000,000 is estimated as being required to meet obligations to be incurred during the coming year.

BALANCE SHEET FOR 1918-19

I shall now give the balance sheet for the present year.

The total expenditure we estimate at £2,972,197,000. The revenue on the existing basis of taxation will be £774,250,000, or an excess over last year of £67,000,000. I may add that the esti-

mate for next year of the excess profits duty is no less a sum than £300,000,000. The new taxation which I propose will, for the coming year, it is estimated, amount to £67,800,000. That will make the total revenue for the year £842,050,000, leaving a balance to be covered by borrowing of £2,130,147,000.

I desire to discuss now what seems to



A. BONAR LAW

British Chancellor of the Exchequer

me the most important feature in a Budget statement at the present time—that is what our position will be at the end of the year on a peace basis, and following the rule which was originally introduced by my predecessor. That rule implies that at the end of the budget year we shall have revenue sufficient to meet all normal expenditure and the debt charge without new taxation or new borrowing. I venture to say that whatever difference of opinion there may be on other aspects of finance, no one will doubt that as long

as it is humanly possible for the country to live up to that standard it is our absolute duty to see that it is carried out. Starting on this basis, this is the calculation: Our pre-war expenditure was £173,000,000, excluding service of debt, but it is evident that, apart from the debt charge, we must add a large item to that amount. There is the amount required for pensions, which at the end of the year cannot fall far short of £50,000,000. There is the addition which the House has already sanctioned for education. There is the normal growth which has taken place, even during the war, owing to a variety of causes due to the war, and there must be other expenses for which some allowance ought to be made. I have, therefore, added to the pre-war expenditure a total sum for these purposes of £97,000,000, which seems to me adequate in this calculation. That will make our expenditure, apart from the debt charge, £270,000,000 per annum.

NATIONAL DEBT

I now come to the debt. The national debt, from the estimates I have submitted to the committee, will, at the end of the present year—31st March, 1919—amount to £7,980,000,000. Previously in counting our liabilities I have deducted altogether the advances to the Allies and to the Dominions. I do not propose to take that course to-day. We cannot ignore what has happened in Russia, though even now I do not admit, and do not believe, that we should regard the debt of Russia as a bad debt, because sooner or later, in spite of what is happening now, and whether Russia should or should not be divided, there will be an ordered Government in that country. The natural resources of Russia are great. Those resources can only be exploited with the aid of capital, and, whenever there is a Government, foreign capital will be required, and they will realize that it will be unobtainable unless previous debts are paid. It is very necessary, I think, in dealing with the national accounts, to treat them in the same way as a busi-

ness firm would treat its own accounts, and for the time being we must make allowance not only for what is happening in Russia, but for the possibility that at the time the war ends we may not be able to rely on receiving immediately the interest due to us by all our Allies. In making this calculation, therefore, I propose to take off half the debt of the Allies as if that were our liability. At the end of next year the total debt due by the Allies to us will be £1,632,000,000. I propose to deduct half of that, namely, £816,000,000. I deduct also the debt due by the Dominions in full, £244,000,000, and the obligation of India in full, £64,000,000, making a total of £1,124,000,000. That would make on this basis a debt for which we would be liable of £6,856,000,000, and I will say in passing—I have not mentioned it before—the gross amount of our national debt at the end of last year was approximately £5,850,000,000, or, taking it in the same way, £4,926,000,000 net liability. The amount of our liability at 31st March next will be, as I have said, on this basis, £6,856,000,000. Take $5\frac{1}{2}$ per cent. on this amount as the rate of interest and sinking fund, the total comes in round figures to £380,000,000. This, added to the normal expenditure, makes a total amount to be paid out of revenue of £650,000,000. How is that to be met? Taking the existing taxation alone, my advisers have given me as an estimate £540,000,000. They have made that estimate carefully, but, of course, it does include a recovery from the absence of war conditions. It includes recovery of customs and excise and some increase in inland revenue. As regards the latter, the income on our gross debt itself adds to the revenue we receive, but, however conservative that estimate may be, it is obvious that mistake is possible, though, as I have said, it has been made with the utmost care, and on the whole on a conservative basis. Taking this estimate, there remains a deficiency to be met, if we are to fulfill the conditions which I have laid down by new taxation on the full year, of £110,000,000. We become so

used to these enormous figures that possibly we can hardly realize what this means; but the committee will realize when I remind them that this addition to taxation which I propose this year is something well over sixty per cent. of the total tax revenue in the last year before the war. To make good this deficit of £110,000,000, I shall propose new taxation which in a full year will bring in £114,000,000, without taking account of another tax for which I have made no estimate, and to which I shall refer later.

NATIONAL ASSETS

Now that is the position on that basis. I think the House will recognize that it is a fair estimate, but our position is really better even than these figures show. In the first place, the Inland Revenue, in their estimate of the result of existing taxation, took no account whatever of the excess profits duty, but that duty, as I have pointed out, is expected to yield next year £300,000,000. On the assumption, which may last for half an hour, of the income tax remaining at 5s., the income tax on what is now charged to excess profits duty would represent £75,000,000. Of course, that must be problematical. It depends on the state of trade and credit, but I think I am quite safe in assuming that that amount which was left out of their estimate is more than sufficient to counterbalance any possible error they have made in the estimate of existing taxation. But there are other items. I stated on one of the recent votes of credit that before the budget came on I should endeavor to obtain a clear list of undoubted assets of the nation to-day. I have done it. They are divided into three categories. The first category consists of balances with our financial agents, of debts due by our Allies and Dominions—not loans, but in respect of goods or services which we have supplied to them, and where the amount is regulated as soon as the accounts can be completed—and, in addition, commodities, including food stuffs and

things of that kind which are bought to be resold. The total amount under this category is no less than £375,000,000, and it is not taken at cost. This amount is arrived at after careful calculation as to what could reasonably be expected would be obtained from it. I think the House can safely take that as an asset upon which we can absolutely rely.

The second category of assets consists of land securities, buildings, and ships. Here, again, the calculation given to me is not at cost. It is an estimate of the amount which can reasonably be expected to be realized on sale. The estimate is a conservative one, and again I think this amount can be taken at its face value. It is £97,000,000. Then there is a third category, made up of stores of all kinds, chiefly in the Munitions Department. It includes, however, war materials the selling value of which is doubtful. This item is taken at cost and the figure given to me is £325,000,000. It is obvious that the selling value under this category is very uncertain, but I think I am safe in assuming that it will be worth at least £100,000,000. That brings the total amount of assets to £572,000,000. But this calculation was made only to the end of last year. This kind of piling up of assets will be going on during the year, and estimates are made for it in the budget. I am safe, therefore, in assuming that there will be at least an additional £100,000,000 at the end of the current year. That will mean a total of assets of this kind amounting to £672,000,000.

But there is another and a bigger item. When the excess profits duty comes to an end—this calculation is made on the assumption, which I am sure will prove correct, whatever Government or House of Commons is then existing, that the duty will be allowed to go on until the end of the accounting period after peace is declared—on this assumption the total amount of income due from the excess profits duty, if the war ends at the end of the current year, would be in the following and subsequent years no less than £560,-

000,000. But, as the committee knows, this tax has always been treated, both by my predecessors and by myself, as one which should be adjusted, to some extent, over the whole period. It is possible, therefore, that deductions might be necessary from that amount, but I think I am safe in assuming that we can count on additional revenue from this source of £500,000,000. This makes a total of these assets, including arrears of taxation, £1,172,000,000, or between £300,000,000 and £400,000,000 more than the total amount for which we have taken credit in the obligations of our Allies to us.

WAR EXPENDITURE OUT OF REVENUE

There is one other fact intermixed with the accounts which, I think, will interest the Committee, and that is the proportion of our expenditure which has been borne out of revenue. So far up to the end of last year, 31st March, 1918 (four years), the proportion of total expenditure borne out of revenue was 26.3 per cent., and for the year 1917-18, alone, it was practically the same figure. For 1918-19, on the estimates which I am now submitting to the House, the proportion of total expenditure met out of revenue will be 28.3 per cent., and the proportion calculated over the whole period to the end of the current year (five years) will be 26.9. But perhaps some honorable members will recollect that last year a distinction was drawn between the proportion of total expenditure and the proportion of war expenditure. The calculation was made on the basis of deducting on each side £200,000,000 as representing the normal expenditure and revenue and leaving out the advances to the Allies and Dominions. I shall give the figures calculated in this way, though, as a matter of fact, I think the proportion of total expenditure is the more natural and more important way of looking at it. Taking that method of calculation, the proportion of war expenditure, met out of war revenue, up to 31st March, 1918—that is, four years—was 21.7 per cent. For the year 1917-18 alone it was 25.8

per cent. For the current year it will be 26.5 per cent., or, for the whole period up to the end of the current year (five years), it will be 23.3 per cent.

I shall conclude this section by stating the total amount which has been raised by war revenue. The total war revenue raised up to the end of last year was £1,044,000,000. On the basis of the estimates now before the House by the end of the current year it will have reached £1,686,000,000.

GERMAN FINANCE

Perhaps—although it is not absolutely necessary, for it does not come into the financial statement—the House would like me to make a contrast, so far as I am able to do so, between our financial position and that of Germany. It is not easy to make this calculation. Our figures throughout have been presented with the object of showing quite clearly what is our financial position. That has not been the object of German financial statements. It is, therefore, difficult to make an exact statement, but in what I am going to say to the House I am taking the German estimates at their face value—taking, that is to say, the statements of the German finance ministers themselves.

The first point is as regards the increase of expenditure. We have all been alarmed, and justly so, at the rate at which our expenditure has steadily grown. It is true also of Germany. Up to June, 1916, as we were told by the German Finance Minister, their monthly expenditure was at the rate of £100,000,000. It has now, by their own statement, risen to upwards of £187,000,000. That means that their daily expenditure is £6,250,000—almost the same as ours—although our expenditure includes such items, for instance, as separation allowances and other matters of that kind borne by the states and municipalities in Germany, and which are not taken into account in the German figures.

The second point of German finance to which I wish to direct the attention of the House is their war debt. Their last vote of credit, which was estimated

to carry them on to June or July, brings the total amount of all their votes of credit to £6,200,000,000, and, as I shall show, it is at least certain that that amount has been added to their war debt. That is certain, because their taxation has not covered peace expenditure, and in addition, their debt charge. Up to 1916 they imposed no new taxation. In 1916 they imposed a war increment tax, taking something in the nature of a capital levy, which is stated to have brought in £275,000,000. They added also that year £25,000,000, nominally, to their permanent revenue. In 1917 they added, in addition, £40,000,000 to their permanent revenue. Assuming, therefore, that their estimates were realized, the total amount of new taxation levied by them since the beginning of the war comes to £365,000,000, as against our £1,044,000,000. This £365,000,000 is not enough to pay the interest upon the war debt which had been accumulated up to the end of the year.

Look at the third consideration in regard to their finance. Consider what their balance sheet will be a year hence on the same basis on which I have put ours. Their war debt at that time will be not less than £8,000,000,000. The interest on that will be at least £400,000,000; sinking fund at $\frac{1}{2}$ per cent. will be £40,000,000; their pension engagements, which, of course, must be much higher than ours, have been estimated at various amounts. Some give it as high as £200,000,000. I am sure I am within the mark in saying that by the end of the year that amount will be at least £150,000,000. Their normal pre-war expenditure was £130,000,000. That makes a total expenditure of

£720,000,000. Their pre-war revenue was £150,000,000. They have announced their intention of this year raising additional permanent Imperial revenue amounting to £120,000,000. From the nature of the taxes it seems very difficult to believe that this amount will be realized, but, assuming that it is, it will make their total additional revenue £185,000,000. That, added to the pre-war revenue, gives a total of £335,000,000, showing a deficit at the end of this year, comparing the revenue with the expenditure, of £385,000,000 at least. If that were our position, I should certainly think that bankruptcy was not far from the British Government.

But there is something else in connection with their taxation worthy of note. With the exception of the increment war tax, to which I have referred, scarcely any of the additional revenue has been obtained from the wealthier classes in Germany. Taxation has been indirect and on commodities which are paid for by the masses of the people. The lesson to be drawn from these facts is not difficult to see. The rulers of Germany, in spite of their hopes of an indemnity, must recognize that financial stability is one of the elements of national strength. They have not added to their financial stability. The reason, I think, is largely psychological. It is, in the first place, because they do not care to add to the discontent by increased taxation all over the country; but it is still more due to this, that in Germany the classes which have any influence on or control of the Government are the wealthier classes, and the Government have been absolutely afraid to force taxation upon them.



New York as a Financial Center after the War

By FRANK. A. VANDERLIP

IT requires no prophet to see that the position of New York in world finance after the war will be very different from what it has been in the past. The enormous sums which we are lending to the Allied Governments of Europe, after buying back most of their holdings of American securities, make it certain that in financial affairs we shall be a creditor nation on a large scale. The amount of interest coming to us will greatly exceed the amount of interest we will have to pay. But that alone will not establish New York as the principal financial center of the world. The regularly accruing credits due us from other countries will undoubtedly give us the resources to conduct world operations, but are we prepared in every way to assume leadership in finance?

What are we going to do with these credits; how is the account to be squared? The interest payments on account of the foreign government loans will be made to the United States Government and thence distributed to the millions of people who have bought United States Government bonds. Although these people have indirectly supplied the credit, they have had no direct dealings with the foreign governments. They have made the loans to their own Government, and while this is the only way these vast sums could be raised, it has had but slight educational influence in training us to become cosmopolitan investors. These interest payments from abroad cannot be settled by gold remittances; the gold cannot be had. Moreover, the steady accumulation of gold in this country, added to the great stock we already have, would raise

prices here and cut off export trade. There are only three ways in which these foreign credits can be settled, to-wit: with gold, with goods, or with securities. We shall have to be careful how we rapidly increase our importations of foreign goods or there may be injurious effects upon home production, so there remains only one method by which we can collect these credits without inflicting injury upon ourselves, and that is by continually investing them abroad. We will not be actually collecting them in this case, in the sense of bringing them home, but we will become owners of foreign enterprises, the net profits from which we will continue to invest abroad. By this means we can not only employ these credits advantageously, but use them as agencies by which our foreign trade may be promoted. But will we quickly develop a market here for foreign securities, sufficiently large to absorb these credit balances?

MUST BECOME A MONEY-LENDING COUNTRY

The idea is frequently advanced that Great Britain and France will soon be able to buy back their obligations from this country, the normal tendency being for every country's obligations to gravitate to the home market. But if it is a problem how they can build up credits enough in this country to offset the interest payments, it is a still greater problem how they can create the credits to cancel the principal of the debt, unless we take securities representing properties in other countries. The logic of the situation seems to compel us to be in the future a great money-lending

country. But even that will not of itself establish New York as the financial center of the world in the same sense that London has been in the past. London has been the leading discount market, the place where the current trade of the world was financed. Its preëminence in this respect has been due to several influences, all closely related to each other. Its geographical position off the coast of Europe has been fundamental, and the leadership of England in industrial development has also been a basic factor. Resulting from these are its great shipping interests and its development as a trading nation. Superior mail and cable communications have much to do with establishing a trading center, and although it may be said that these can be provided elsewhere, it is not easy to shift trade out of old channels upon even terms. If London is in a superior geographical position for doing a world business, it will not lack capital to handle the business, for American capital will go there for employment. Our credits, created by these loans, and which we are puzzled to know how to bring home, may be employed in London. We may lend money to Russia, China or South America and draw on our credits in London.

MUST LOOK FOR WEALTH BY CREATING IT

The construction work done all around the world for American investors may be done with materials made in England, and paid for by drafts on our London credits. If materials and labor are cheaper in England than in the United States, this would be the natural course. It would do no good to bring gold here in settlement of the credits, assuming that it could be obtained, because the attempt to employ more gold and more bank credit in this country would drive wages and prices higher, thus making it more difficult for goods and equipment to be exported from here.

It will be seen that it is going to be a delicate task to use these credits which the war has created in such ways

as to create preëminence for New York as a financial center where world trade is actually carried on and financed. Trade must be developed, and to do this the organization and facilities must be created. We must turn our eyes abroad and learn to be investors and traders the world around, and to corre-



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late our industries with those of other countries on a fair exchange basis. We cannot go over the world extracting honey and storing it in our hive, for the world's trade must be kept in balance. We must look for wealth by creating it, or helping others to do so, and by making others better able to trade with us. We must depend for supremacy at last upon qualities of leadership and the ability to produce

goods as efficiently as it is done anywhere, otherwise even our own capital will be used to finance other trading centers and other industrial countries. Economy and superiority in production have been the basis of England's de-

velopment, of Germany's progress and of our own industrial achievements. The sudden fortunes of war will not change the rule, although they have given us a great opportunity to achieve a commanding position.

Our International Banking in War Time

By ALEXANDER D. NOYES

As financial editor of the New York "Evening Post" and author of "Forty Years of American Finance," Mr. Noyes has attained a high reputation for his knowledge of banking and finance.

CONDITIONS which the war has created in American banking, both as regards its domestic position and as regards its relations to the international market, have differed widely from those which arose with us in other wars, and from those which have arisen in other countries during this present war. Underlying financial and economic circumstances have been unlike what they were when the United States went to war on any previous occasion. In 1812, for example, our financial markets, and indirectly our banking system, were so completely dependent on England that the severing of relations crippled the power of our banks and, with the progress of the war, threw the country back into a very crude and financially disastrous experiment with paper money. The Mexican War of 1846, which cost us hardly \$30,000,000 per annum, and which had no bearing on our political or financial relations with other powers, did not affect the banking situation at all.

In the Civil War our banking transactions with the outside world, like our banking transactions at home, were deeply affected by our suspension of gold payments and our recourse to gov-

ernment fiat money. Our dealings with other nations were not physically impeded by the conflict, in which no European power was engaged. But, since all foreign transactions had to be conducted on a gold basis, the problem of the open market gold premium and of the fluctuation of foreign exchange became an extremely troublesome element in the affairs of international banking.

Those influences, moreover, continued during a number of years after the war. On the other hand, our war with Spain in 1898, occurring as it did at a moment of very rapid revival in American prosperity, and with the balance of our export and import trade shifted so suddenly in favor of this country as to give us command of the foreign money markets, created a simple problem for American banking. During the month or two before war had been declared but when it appeared inevitable, our banks drew \$60,000,000 in gold from European banks to fortify home reserves. At New York the gold holdings of the associated banks rose from \$114,900,000 in February to \$186,000,000 at the end of May, and the surplus reserve from \$20,800,000 to \$62,000,000. The call money rate on the Wall Street

market, which had gone no higher than five per cent. even in the first uncertainty of war, remained below two per cent. during the conflict itself.

Our situation in the field of international banking at the outbreak of the present European war resembled that of 1898 rather than that of any previous American war. The United States was still, as it had been in 1898, a large debtor to Europe on account of American securities held abroad. On both occasions there was the chance of sudden realizing on such holdings by Europe, on such a scale as to create a new and altogether dangerous situation in our international finance. As a matter of fact there was no real probability of such a turn in events in the Spanish war, unless in the barely conceivable case of our becoming embroiled with another European power friendly to Spain. Financial Europe never assumed such an outcome to be within the bounds of possibility. We know to-day that our relations with Germany did actually reach a critical stage during Dewey's occupation of Manila Bay and as a result of the conduct of the German admiral—conduct which had been presumably encouraged by his superiors at Berlin. But the American and European financial communities never learned of that episode until it was over.

In 1914 we were not ourselves at war; but we seemed to be menaced with the economic upheaval which would have come with our own participation. Prospect of overwhelming liquidation of American holdings by the European markets was extremely definite—with what results in our banking situation, no one knew. The manner in which our international banking position was brought into shape in the autumn of 1914 is a chapter in our banking history which, though it now seems very far in the past, constitutes a highly important link in the chain of events which has led to the present situation. That episode may be briefly summarized as having been made up, first, of our voluntary shipment to Ottawa, under the auspices of a syndicate of

American banks, of gold to pay for the \$80,000,000 New York city notes maturing abroad in the autumn of 1914; second, of the forming of a further syndicate, with a call on \$100,000,000 gold to use in adjusting through further shipments, whenever necessary, the un-



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favorable balance of our exchange on Europe.

The result of this notably courageous action was soon witnessed in the return of sterling exchange rates during October to a normal footing; followed in due course by reversal of the movement of gold, with a subsequent importation of the precious metal into the United States, quite unprecedented in magnitude—amounting to \$451,000,000 in the calendar year 1915, to \$686,000,000 in 1916, and to \$500,000,000 in the first seven months of 1917—before the movement, for reasons which I shall discuss later, was

reversed. Nothing is more certain than that the present strength of our banking position is very largely an outcome of this episode in international banking and in the international gold markets of 1915, 1916 and the early part of 1917.

ECONOMIC EFFECTS OF OUR ENTRANCE INTO THE WAR

The interest of the financial reader of today converges chiefly on the economic effects which have followed our own entry into the European war. It is my purpose in this article to direct discussion particularly to the phenomena of that period. It will be advisable, however, to review as briefly and comprehensively as may be the course of our banking history and of our international banking relations between the beginning of 1915 and our declaration of war in April, 1917. Only by such a retrospect will it be possible to obtain adequate comprehension of what has happened during the subsequent year and a half.

The inflow of gold which began in quantity during March, 1915—which rose from the \$25,000,000 of that month to \$139,000,000 in March of 1917, and of which about nine-tenths came from England's reserves, drawn from the Transvaal and from the Bank of France and sent to us through Canada—resulted primarily, as every one knows, from our enormous excess of exports of merchandise over imports. These conditions, which were the governing influences during our period of neutrality, had far-reaching effect on both home and international banking. So immense was the balance of merchandise trade against the European Allies—the excess of our exports in 1915 to England and France was \$1,350,000,000, as against \$334,000,000 in the year before the war—that even the gold remittances failed to offset it on exchange.

By September of that year the rate of New York exchange on London, which normally could not go below, say, 4.82, had fallen to 4.48. This was perhaps the lowest rate for actual transactions

in the history of the sterling market, and it represented a depreciation of eight per cent. Exchange on Paris, for which the par was 5.18 $\frac{1}{8}$ francs to the dollar, had gone to 6.03. The entire machinery of our trade and finance with these two great foreign markets had been deranged. Quite aside from the effect on foreign credit, the result of these violent fluctuations in the exchange rate with our principal foreign customers threatened the most awkward consequences to the business of the American exporter and importer.

The condition was met according to the rule and practice of the foreign exchange market, but this time on a quite unprecedented scale, by the offer of securities on the part of the Allied Governments to American investors; the obvious purpose being to establish New York credits which might be drawn upon in paying for food and munitions purchased in America, by which process the selling bills of exchange to settle for them were dispensed with. In 1915 there was placed on the American investment markets the \$500,000,000 joint loan of England and France, supplemented by a \$50,000,000 bankers' credit, and in 1916 our investment market took \$550,000,000 of secured loans of the United Kingdom, \$100,000,000 in a loan of the French Republic, and \$110,000,000 in loans of the French cities. With these credits established in America, sterling exchange returned to a much smaller discount from parity—a discount which measured approximately the increased cost which gold shipments in payment would have necessitated, and at that rate, somewhere between 4.75 and 4.77, the rate of exchange on London was "stabilized" by the American banks during the next three years.

But in addition to this huge absorption of securities issued by foreign governments, the money markets had to take care of immense repurchases of our own securities, sold back to us by European investors. Mr. Loree's careful estimate, made in coöperation with the Federal Reserve Board, ascertained that during the eighteen months ending

in July, 1916, there were sold on the American market no less than \$1,288,000,000 of foreign holdings of American railway securities alone. It was estimated that this represented approximately one-half of the total of such securities held abroad when the war began, and the probability was recognized that, if industrial securities similarly sold had been included, the total of such resales to the American market would have mounted up to the neighborhood of \$2,000,000,000.

There was a feeling in banking quarters, early in this movement of liquidation, that it was not advisable to leave the sales entirely to the discretion of individual foreign owners. The desirability of regulating the movement, both with a view to the American investment market's condition and with a view to the judicious use of such sales to protect the sterling exchange market, appeared so strong that, early in 1916, the British Government requested its citizens to sell or lend to the British Treasury their holdings of American and other foreign securities.

This done, the Government was to manage the disposition of them on the market. When tenders of such securities by their owners slackened, the unusual step was taken of increasing by ten per cent. the high British income tax, in all cases where the income was derived from such securities. A very large amount of American stocks and bonds came into the Government's hands as a result of this expedient. They were used at first in sales from time to time when the sterling market at New York seemed to need support. But they were also presently employed as collateral security on the war loans placed by the belligerent governments in the American market.

So strong, however, did the New York bank position remain in face of these huge demands, that our market not only subscribed during 1915 and 1916 to something over \$1,000,000,000 in new issues of American corporations, but underwrote freely the loans of neutral countries. As a result of the driving of Germany from the sea and the

handicapping of the export business of England and France, our trade with these neutrals was increasing very rapidly. To South America, for instance, our exports in 1915 surpassed all previous records, and they increased \$86,000,000 further in 1916 and \$92,000,000 in 1917. The value of our wartime exports to Asia and Australasia also by 1916 reached a value more than double any previous record.

Here again there opened a highly important field for American banking. Trading in acceptances, based on the discounting for the American merchant of a draft sent forward to him against his shipment of merchandise to a foreign port, made its first appearance on a large scale in the field of American finance. As every banker knew, this had been for generations the peculiar office of the Lombard Street banks and discount houses. It had in large measure served to create for London the position of that city as the central market of the world. At the end of 1916 it was stated by the Federal Reserve Board that the amount of such discounted bills in the hands of American banks and bankers had reached the respectable sum of \$100,000,000.

These new banking activities were the obvious basis for the belief, which began very generally to prevail during 1916, that New York had actually displaced London as the world's money center. They were in fact one economic phenomenon of this war, whose sequel on return of peace will unquestionably go to make up one of the most interesting periods in all of the world's financial history. Greatly as the position of our banking community in regard to the outside world has changed since the United States went to war itself, it may be doubted if the relative position, say of England and America, is any less radically changed from that of years before the war than it was in 1915 and 1916.

OUR CHANGED BANKING AND FINANCIAL ACTIVITIES

Such, briefly summarized, was the position of American banking in the in-

ternational field when Germany's repudiation of her pledges regarding submarine warfare, at the end of January, 1917, forced the United States to break off relations with the German Government, and then, on April 7, to declare war on Germany. With that action, the scope and direction of American banking activities were radically and inevitably changed.

First of all, the function of providing funds for the European belligerents in this country, whereby purchases from America might be paid for without recourse to the exchange market, was transferred from private investors to the United States Government itself. But this removal of private banking responsibilities was more than offset through the new demands imposed on credit by the successive war loans of \$2,000,000,000, \$3,000,000,000, and \$4,000,000,000, all within the space of a year and a half—a larger requisition on investment funds than had yet occurred in any belligerent nation. This process naturally and immediately led to enforced liquidation of bank loans to home industries; the Government first taking into its own hands, in connection with Government operation of the railways, the providing of capital for their necessities, and then, through the Government owned War Finance Corporation, advancing necessary funds to many other industries. The burden on the banks was to that extent relieved, but the relief really amounted only to change in the form of requisition.

What happened under these conditions to the banks? The era of large surplus reserves was over. From the week in April when the United States went to war, loans in New York banks increased before the close of 1917 to \$3,662,000,000, and went to \$4,838,000,000 in 1918. Surplus reserves, which in 1915 had been up to \$224,000,000, fell at one time, on September 1, 1917, to \$12,300,000. Meantime another process, the calling of gold from bank vaults into the Federal Reserve as security for the deposit liabilities and note issues of that system, reduced such

gold holdings at the New York banks from \$400,000,000 to less than \$10,000,000.

The process of increasing the reserve kept by the private banks with the Federal Reserve Bank then became important. On April 7, 1917, that reserve was \$250,000,000; at the end of 1917 it was \$561,000,000. Rediscounted bills at all the twelve Federal Reserve Banks rose from \$18,000,000 in April of 1917 to \$680,000,000 at the end of 1917 and to \$1,393,000,000 in August of 1918. Along with this came expansion of the Federal Reserve note currency, which was \$376,000,000 when we went to war, but which crossed the \$2,000,000,000 mark in the third week of last August. I shall not pause to discuss the economic meaning of this currency expansion, further than to say that the notes largely replaced gold coin and certificates formerly in circulation, and that the gold reserve maintained against them remained unusually high.

Gold holdings of the Federal Reserve Banks, chiefly derived from bank reserves, rose from \$565,000,000 in April, 1917, to \$2,003,000,000 in August, 1918. It is true that at the earlier date the outstanding note circulation was virtually secured dollar for dollar with gold, whereas last August the gold reserve against outstanding notes, after allowing for the minimum reserve against outstanding deposits, was only 78¾ per cent. But this last named ratio was far greater than in any other note issue system of the world outside the Bank of England, and that bank's system restricts its issue to a gold reserve always equal to outstanding notes.

Furthermore, it must be remembered that the Government had no hand in "forcing" the Federal Reserve circulation. It was not put out, directly or indirectly, to pay the government's war expenses—as in France and Russia. A member bank had the option, under the law, of using its credits at a Federal Reserve bank, either to increase its own reserve or to take out circulating notes. Increase in reserves would operate most immediately to strengthen the member bank's own position. If, then,

it chose to take the notes, it was clearly to be presumed that the action was taken in response to customers' actual requirements.

The much-discussed argument as to existence of "inflation" as a result of our wartime finance lies in the main outside the question of international banking. It has developed wide difference of opinion even among competent economists, and events have not moved exactly as was predicted, or, indeed, as they were supposed to be actually moving. Reports of the Federal Reserve Banks in the late summer of 1918, for example, gave little indication of the wholly abnormal volume of borrowings from banks to pay subscriptions to the \$4,600,000,000 war loan of May, which had been supposed to exist. Further than this, the question whether bank loans contracted for the sake of subscription to the Government war issues were themselves a cause of inflation, elicited equal disagreement among the experts. By many it has been alleged that, since such loans would actually reduce the total sum of credit available for loans on purely commercial operations (whereby merchandise might be held for a higher price), they could not possibly exert that influence. It is an interesting fact that the committee of an important economic association, appointed to consider the question, divided so completely in opinion as to prevent the making of any formal report.

The incident of our wartime panic experience which did affect our international relations was the early change in direction of the gold movement. During the first six months of 1917 our excess of gold imports was \$275,000,000. During July this was replaced by a surplus of gold exports amounting to \$41,000,000, and in the six last months of 1917 the total export excess footed up \$88,000,000. The heavy gold shipments of that period went mostly to Spain and Japan, which, between them, took nearly \$120,000,000 gold from us during those six months.

For all this there was a reason peculiar to our international position at the

time. The reason was obviously not depreciation of our currency, for the Federal Reserve notes remained on a gold basis. Nor was it excess of merchandise imports from the neutral nations over exports to them. Even Spain bought \$30,000,000 more of merchandise from us in the period referred to than she sold to us, and the same was true of the other neutrals. Nevertheless, such a movement of the neutral exchanges against New York occurred in the later months of 1917 and the early months of 1918 that exchange on Spain, whose parity was 19.3 cents to the peseta, rose to 30 cents; exchange on Sweden, with a parity of 26.8 per crown, touched 47 cents; and exchange on Switzerland, which at par required 5.18 $\frac{1}{8}$ francs to the dollar, was quoted at only 3.85.

If trade with all these nations was in our favor, how were such rates as these to be explained? The answer is that the balance of trade with all these nations, though strongly in our favor, was heavily against London; England's excess of imports from those countries being double or triple in value what it had been before the war. Now sterling at New York, in the closing months of 1917, was quoted barely three per cent. below normal parity. This, as we have already seen, was largely due to the very extensive granting of credits, by our market first and by our government afterwards, to Great Britain. At Stockholm, on the other hand, where no such protective influences had been invoked, sterling at the same time was depreciated nearly thirty per cent. from par. The quite inevitable result was sales of their sterling bills by Scandinavian bankers on the New York market. With the margin so great between the Swedish and the American price for these sterling bills, it was possible to bid high premiums on New York exchange in transferring the resultant New York credits from America to Sweden.

Gold exports being now restricted by our Federal Reserve Board, a great advance in the New York rate of exchange on neutral countries, unfavora-

ble to our market, was not held back by that influence. The case, then, was entirely simple; the New York market was in reality standing back of London and sharing with the English market the burdens of these problems on international exchange. That this was the explanation, rather than any influence exerted by the mere fact that the United States had gone to war, is proved conclusively by the price of Swedish exchange in Wall Street during the early months of 1916, when it touched 31.40 (itself an abnormally high premium from parity), and this in spite of our universally recognized position of paramount strength at the time, on all international markets.

These adverse rates of exchange between New York and neutral markets had their disadvantages, however, as serious in their way as those which confronted France and England in the New York rates of 1915. Efforts were made to meet the situation, as that depreciation in New York exchange had been met. English investors, for example, sold to Swedish capitalists large mill properties owned by the English men in Sweden. Still later, the United States obtained banking credits ranging from \$60,000,000 to \$100,000,000 from the Spanish market, secured by contracts for delivery of cotton. Through these and other similar arrangements, New York exchange rates on the neutrals were reduced to something near normal figures. But, in the existing abnormal relations of the London market to these countries and to our own, complete restoration of the normal figures proved to be impossible.

Of this aspect of our wartime international finance, as of our relations to the belligerents themselves, it was very soon asked whether we had lost that control of international markets which we enjoyed during 1915 and 1916, and which then was so strikingly witnessed by our huge importations of gold and our purchase of foreign government securities. That this had happened actually and permanently, it seems to me there is no good reason to suppose.

Circumstances undoubtedly had

changed. But in place of the \$1,000,000,000 or more of foreign government securities taken by our market during the period of American neutrality, the United States Government itself has loaned to our Allies since April, 1917, \$7,222,000,000, of which \$3,700,000,000 went to England, \$2,000,000,000 to France, \$325,000,000 to Russia, \$171,000,000 to Belgium, and the rest in smaller amounts to Servia and Greece. This happened in the space of nineteen months, whereas England in four years granted \$7,010,000,000 to her Allies. In the fiscal year 1918 fully thirty-seven per cent. of our national expenditure represented disbursements in the shape of loans to our Allies. England's expenditure for the same purposes made up only nineteen per cent. of her war expenses during her last fiscal year.

These transactions certainly were not, strictly speaking, banking operations; though the Government loans which made these advances possible were bound to affect the banking situation. But in so far as our international situation is concerned, it must always be remembered that the loans to our Allies have not, like the subsidies of Pitt to the German States in the Napoleonic wars, been mere gifts or grants without expectation of repayment. They are secured by deposit, in the hands of the United States Government, of bonds of these nations bearing the same maturity and interest rate as our own bonds issued to make the loans to our allies.

The Russian Government's repudiation of its foreign debts necessarily affected the intrinsic value of the collateral in that case, and it may be that the loans to Belgium and Servia are of doubtful value. But the bonds of England and France at least, whose loans pledged with our Government make up seventy-five per cent. of our total advances to the Allies, are unquestionably good security. It is impossible to doubt that all these loans will be an international asset when the war is over; whether the interest is collected by the Government or the

loans resold to American investors.

Furthermore, as regards our foreign trade—now necessarily deranged by the circumstance of war and blockade restrictions—we have the amazing spectacle of our Shipping Board's output of new merchant vessels, which in the period after war will quite inevitably leave the United States the foremost maritime nation of the world. These paramount facilities for conducting trade will come at a time when the war has made us in

a prodigious degree the creditor of other nations, when the resources of this country in raw material and finished goods will be most imperatively needed in the era of reconstruction, and when our new banking system, now recognized in Europe as the most efficient machinery of the kind at present in existence, will still be in the field, with gold reserves in its control, far surpassing those of any other nation in the world.

Maintaining London as the World's Financial Centre

By SIR EDWARD H. HOLDEN, BART., Chairman and Managing Director London Joint City and Midland Bank, Limited

There has been a marked tendency toward consolidation of British banks in recent years—a tendency which has been increased by the war. Sir Edward Holden, who is one of the leading bankers and financial authorities in the United Kingdom, discusses this policy and also the maintenance of London's supremacy as a money centre.

CRITICISM has been directed against the way in which the joint stock banks do their business through their system of branches, and it is further alleged that the industries do not get as much assistance as was given by the private banks in the old days. Criticism of this kind cannot be adequately met except by going somewhat in detail into the history of the development of the banking system of this country from the year 1800 to the present time. I shall endeavor to show, and I think the facts of history will support me, that, notwithstanding the great difficulties through which we have passed, the banks have been able to meet the industrial and commercial demands made upon them, and their ability to do so has been in a great measure owing to the system of amalgama-

tion. I shall show, further, that every development of amalgamation has rendered the banks themselves more stable, and that our recent immunity from the distresses consequent on bank failures has been due to the strengthening of the banks by amalgamation. I begin at the year 1800, and I take the foreign trade of this country, which in that year amounted to about £68,000,000. The industry relative to that trade was financed principally by the private bankers. During the twenty years from 1800 to 1820 the foreign trade increased to £81,000,000, and was still financed by the private bankers. Without going into the details of the operations of these banks at that time and their numerous failures, I will content myself with saying that the industry of the country was growing so rapidly that it

demanding more banking accommodation than could be given by the private bankers, and in consequence an Act was passed in 1826 which enabled joint stock banks to be established in the provinces. The joint-stock banks, together with the private banks, financed our foreign trade, which by 1840 had risen to £184,000,000. Between 1826 and 1840 113 joint-stock banks were established. More new banks were established between 1840 and 1860. The existing banks were developing by the opening of branches, and some few amalgamations took place. The industries were supported during this period (1840-1860) to such an extent that our foreign trade was enabled to grow from £184,000,000 to £375,000,000.

THE BANKING CRISIS OF LAST CENTURY

It must be noted, however, that the banks were still so weak that in 1847 there was a financial crisis, the Bank Act was suspended, the industries of the country were disorganized, and numerous bank failures took place, including the Royal Bank of Liverpool, the Newcastle Union Bank, and banks in Manchester, Salisbury, and other parts of the country. Ten years later, in 1857, there was another crisis. The Bank Act was again suspended and a large number of banks failed, including the Borough Bank of Liverpool, the Western Bank of Scotland, the City of Glasgow Bank (which was reconstructed and finally failed in 1878), the Northumberland and Durham District Bank, and many other banks. The failures in these two years were caused by conditions brought on by the failure of the harvest, by speculations in railway securities and in wheat, and finally because some of the industries had demanded and had received greater accommodation from the banks than the banks were justified in giving, having regard to the amount of their deposits. Coming to the period from 1860 to 1880, our foreign trade increased from £375,000,000 to £697,000,000, and it is during this period that we see the real beginning of the amalgamation movement. Bankers were just learning how

to take over the weak banks by way of amalgamation. The smaller banks, finding difficulty in gathering sufficient deposits, merged themselves with larger and stronger institutions, which by this time had established about eight hundred branches. During this period there were two more crises, one in 1866 and another in 1878, and a large number of bank failures again occurred. In 1866 the Bank Act was suspended for the third time, and the principal failures which occurred were Barneds Banking Company of Liverpool, Overend Gurney & Co. of London, the English Joint Stock Bank, the Imperial Mercantile Credit, the Consolidated Bank, the Birmingham Banking Company, and Agra and Masterman's Bank. In 1878 failures included the City of Glasgow Bank and the West of England and South Wales Bank.

FOREIGN TRADE EXPANSION

Notwithstanding these banking vicissitudes, our foreign trade increased during the years 1880 to 1900 from £697,000,000 to £877,000,000, and it was during this period that, with the object of avoiding further failures, the system of amalgamation was widely extended. In these twenty years no less than 165 amalgamations took place, and failures among the smaller institutions were prevented. Nevertheless, a few small banks failed during this period. The Baring crisis occurred in 1890, but the situation was prevented from developing by the assistance given to that institution by the Bank of England and the joint-stock banks, which by this time had become stronger than they had been hitherto. The fact that the joint-stock banks had become sufficiently powerful, by reason of their amalgamations, to assist in the Baring crisis must be regarded as an advantage of the first importance to the industrial and mercantile community. Passing on from 1900 to 1913, our foreign trade increased during this period from £877,000,000 to £1,403,000,000. No bank failures of importance now occurred. Although the South African War, which broke out in 1899, caused serious de-

preciation in all gilt-edged securities, no evidence of weakness was shown except in the case of a number of the smaller banks, which found relief in amalgamation. The depreciation of securities has continued up to the present time, but the larger banks of to-day are in a much better position to make provision to meet the depreciation than were the smaller banks of the past. During the thirteen years I am now reviewing, seventy amalgamations took place with the effect of making the surviving banks larger and more powerful. The banks continued to pursue the policy of opening new branches all over the country, thereby gathering new resources, and by the end of 1913 the branches of the joint-stock banks in England and Wales were more than 6,000 in number, and all of them were assisting the commerce and industry of the country. But for the amalgamations the banks could not possibly have given adequate assistance to our enormously increased trade. No one examining the effect of these amalgamations can come to any other conclusion than that the banking system was strengthened by them, and was the more able to support the commerce and industry of the country. I pause here for a moment to summarize the facts and figures which I have recited. The first eighty years of last century showed a development of our external trade from £68,000,000 to £697,000,000. During this period we had a very large number of bank failures with periodic financial crises which brought widespread ruin in their train. In the next thirty-three years our external trade grew from £697,000,000 to £1,403,000,000, a much larger addition to the volume of our trade than was made in the whole of the preceding eighty years. This increase was possible only because the banks were able to give the necessary financial facilities. It was during these thirty-three years that the system of bank amalgamation became fully established. In the first twenty of these thirty-three years there were still, it is true, some failures on the part of small banks, but these were not to be compared in number or importance with

those which had taken place in the preceding twenty-year periods. In the last thirteen of the thirty-three years there were practically no bank failures at all. This record justifies me in saying that the system of bank amalgamation has



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proved of the greatest advantage to the whole of our industry and commerce.

RESTORING THE COUNTRY'S FINANCIAL AND INDUSTRIAL POSITION

I now come to the present time, and I direct my view forward to the future. There has never been a parallel to the present position in the world. Speaking of the domestic side of the question, if this country is to restore and gradually improve her financial and industrial position, it can only be done by increasing her exports to a larger amount than they have ever been before. Put just as we must put forward every exertion

to bring this about, we must not be unmindful that other countries will endeavor to do the same. We shall live in a world of keen competition for export trade. We shall only be in a position to win in the struggle and to increase our trade if our banks are not less big and powerful than those of our trade rivals. Earlier in my observations I stated that I would deal later with the means to be adopted for creating the credit which will be required for the purposes of our domestic and foreign after-war trade. If we can import gold, and use that gold as the basis on which credit can be created, our difficulties will not be so great, but, as most other countries will be in a position similar to ours, it follows that they may also require to use gold for the same purpose. At the present time America, Holland, Japan and Spain have really more gold than they require, and it is conceivable that some of their gold may gradually flow away to our country and to countries in a position like ours. In addition to the gold in foreign countries, which we might hope to draw upon, we have, of course, the gold coming from the South African mines, amounting last year to about thirty-eight millions, and the gold from other parts of the Empire amounting in 1917 to about eighteen millions. The total gold production of the world in 1917 amounted to eighty-nine millions, against ninety-four millions in 1916, nearly ninety-seven millions in 1915, ninety-two and one-half millions in 1914, ninety-four and one-half millions in 1913, and ninety-six millions in 1912. There will undoubtedly be a great demand for gold after the war, and when the South African gold is again offered for sale in London we should at all costs retain it in this country and not allow other countries to take it from us, as was done before the war. We repeat that if gold can be obtained matters may be arranged without much difficulty; but we must not overlook the fact that the output of gold is diminishing in consequence of the increased cost of production, and we may be called upon to adopt some measures to assist pro-

duction and maintain the output at a high level. If gold cannot be obtained the currency note, the Bank of England note, and the Bank of England balance will have to be used to take the place of gold; that is to say, large advances will have to be made by the banks, such advances will create credit, and the cash balances, which will have to be used as reserves for those credits, will not be gold, but will be the currency note, the Bank of England note, and the Bank of England balance.

GOVERNMENT BANK OR JOINT-STOCK BANKS

Let us look at what is happening elsewhere. Other countries have created separate institutions which will be used to assist in meeting after-war difficulties by creating credit such as the Darlehnsskassen of Germany and the War Finance Corporation of the United States. The capital of the latter institution, amounting to 100 millions sterling, will be held by the Government, and the reserve to commence with will be an amount corresponding to the paid-up capital, in addition to which they are proposing to create loans, and consequently credits, to the extent of 600 millions sterling. This institution has been created for the purpose of providing credit to assist in war finance, but if it should be necessary to extend its life for the purpose of assisting trade after the war, no doubt this will be done. In our country we shall be faced with the proposition of a Government bank being established, or of relying exclusively on the large joint-stock banks to carry through after-war operations. It seems to me that if the joint-stock bankers will take a broad view of this question, by making liberal advances to those firms which are managed with ability and honesty, and which produce good balance sheets, we might be able to carry our industries through the difficult times without the establishment of any Government institution. But we must not overlook the fact that the balance sheets of firms and companies and their profit and loss

accounts will have to be carefully examined in the future, because there will be a great danger that a fall in the price of commodities may lead to the profit and loss accounts being in debit instead of in credit. In many of these cases excess profits duty will have been paid on profits that were really due to high prices, and proper consideration should be given to them if prices fall and profit and loss accounts begin to show debit.

GERMANY'S FINANCIAL PREPARATIONS

At our annual meetings before the outbreak of war we called attention from time to time to the financial preparations which Germany was making and to the manner in which she was accumulating gold. Now we call attention to the fact that the Germans are putting their banks together in order to enable them to begin a financial war when the actual fighting ceases. We bankers see what they are doing, and it has been a question whether we should continue in the position which we held before the war, or whether we likewise should begin to make preparations similar to the preparations which Germany has made. There is a difference of opinion among English bankers on the question of foreign banking. One class of banker believes that the proper course is to open abroad branches of their own bank, in which case they will compete with the foreign banks in their own country. Another class believes that the better policy is to work from London in conjunction with the foreign banker, and not to go into direct competition with him. In the former case, i. e., opening branches abroad, it might mean that the deposits of our English depositors might be used to aid particular trades abroad which are in competition with our own people; and, further, it is particularly questionable whether it is advisable at the present moment to open foreign branches, which may be called upon to assist in the reconstruction of the countries in which they are situated, at a time when we all know that all our resources will be re-

quired at home to reconstruct our own industries and manufactures. Which policy is the better for retaining London as the financial centre? Let me explain again what we mean by London being the financial centre of the world. Traders of different countries have gradually come to the conclusion that the trade of the world can be most economically financed by a kind of unwritten agreement that, if they sell goods in any other country, those goods should be paid for at one centre, that is to say, as bills of exchange are drawn against goods all those bills of exchange should be made payable at that agreed centre. Consequently, you have the sellers of the goods in different countries receiving payment at the central point, and the buyers of the goods making payment at that point. London has been chosen as the centre, and the settlements are made, on one hand, by the sellers drawing bills on London, and, on the other hand, by the buyers of goods buying bills on London. Consequently, wherever the sellers of goods abroad require to sell bills there are always, except in extreme cases, buyers for these bills to be found. I would like to say here that all the arrangements involved in these transactions are made by the foreign bankers and the bankers of London, and our fear is that we may make the foreign bankers unfriendly towards us by opening branches in their own countries in competition with them, and that we may drive their business to Germany or New York. If this should ultimately happen, the opening of branches abroad by English banks will have acted prejudicially against London retaining her position as the financial centre.

ARRANGEMENTS WITH FOREIGN BANKERS

Now let me take an example of one of these arrangements. The foreign banker arranges with the English banker that either he himself or his customer may draw to an agreed extent on the London banker for the purpose of financing the imports into his country. The foreign banker, who has made the arrangement with the London banker,

enters into an undertaking that before such bill becomes due he will provide the London banker with the means to pay the bill. He will probably do this by buying bills drawn on London. These bills may be drawn in respect of the exports of his own country to London, or drawn against goods exported to any other country, but payable in London. Thus the transaction is completed. Of course merchants abroad may sell goods to traders in another country and obtain payment by drawing a bill on the buyer without the intervention of a bank, but, in order that the bills may become more easily negotiable, the trader in the purchasing country usually arranges with his banker to open a credit with a London banker against whom bills may be drawn. The seller of the goods thereupon draws on the London banker, sells the bills to his own banker, and thus obtains the purchase price of the goods. The London banker accepts and pays the bill at maturity on the undertaking that the banker to whom he has granted the credit will hold himself liable for the amount. I give this illustration to show the extent to which London is used as the financial centre and to show how London is supported in that position by the foreign banker, and how necessary it is to cultivate and maintain the good feeling of foreign bankers towards this country. I ask the question: If the bankers of this country open branches in foreign countries in competition with the foreign bankers, will that procedure tend to retain London as the financial centre of the world, or will it tend to damage London's position? Further, if we retain the friendliness of these foreign bankers, they will show a greater interest in their clients dealing with traders in this country than they would show in case we became unfriendly by going into competition with them.

AMALGAMATIONS ALL OVER THE WORLD

We must remember that in retaining London as the financial centre we must be prepared after the war to meet any extra demands for the purposes of trade

which may be made on us by the foreign bankers, and that is one of the most important reasons for seeking to make our banks much larger than they were before the war. The feeling that it is necessary to increase the size of the banks is growing in all countries. Amalgamations, as I have said, are taking place in all parts of the world, notably in Germany, America, Sweden, Canada and Australia. The cry in all countries is "Make the banks larger and stronger." This can only be done, as it has been done in our country, by amalgamations. The press, bankers and business men of Germany regard the amalgamations which have been going on in the banking and commercial world of this country with disfavor, for the reason that they see, as some of their papers admit, that the bankers are shaking off their conservatism and drawing lessons from the experiences of the war, and the Germans fear that the additional strength obtained by these amalgamations will enable our banks to build up British industries and make them more formidable competitors in the markets of the world than hitherto.

THE DOMESTIC SIDE OF THE QUESTION

I come now to the domestic side of this question. The Chambers of Commerce have been afraid that under the system of amalgamation manufacturers and merchants would not get the same assistance from the amalgamated bank that they got previously from the two separate institutions. We must remember that banks have to make profits in the same way as any other business, and that the deposits of two banks which are amalgamating cannot be absolutely locked up. They must be lent, otherwise the bank will not make a profit, and in my opinion the one bank, which has been made up of two banks, will be able to lend quite as much or even more money than the two banks lent individually. If the loans are continued by the joint bank to the extent that they were made by the separate banks before the amalgamation there can be no cause

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A COMMERCIAL BANK NATIONAL AND INTERNATIONAL

for complaint by the industries, but we are hoping that the industries will get even better accommodation, if their demands are legitimate. Experience has shown this to be the case. Taking the case of our own amalgamations, we have not had a single instance in which the accommodation given by a bank taken over by us has not been much greater after amalgamation than it was before the bank was taken over. The deposits have also increased to a much larger extent than would have been the case if the bank which we have taken over had continued as a small and separate institution, and consequently we have been able to give more accommodation. In illustration of the truth of this statement I will now give you the advances which have been made by our bank every five years since we came to London in 1891 up to the present time, and show you that they have kept pace with the increase in our deposits:

Year.	Advances.	Deposits.
December, 1891....	£4,232,000	£8,118,000
December, 1896....	8,669,000	15,757,000
December, 1901....	23,214,000	44,730,000
December, 1906....	28,040,000	52,224,000
December, 1911....	43,435,000	77,708,000
December, 1912....	46,442,000	83,664,000
December, 1913....	51,309,000	93,834,000
December, 1914....	62,425,000	125,733,000
December, 1915....	65,922,000	147,751,000
December, 1916....	63,869,000	174,621,000
December, 1917....	81,156,000	220,552,000
June, 1918.....	87,520,000	236,230,000

The industries have derived a much greater benefit from our amalgamations than they would have enjoyed if we had not adopted the policy of amalgamation, and therefore it is incomprehensible to me that business men should have opposed our proposed amalgamation with the London Joint Stock Bank. There is no bank in this country which is established to the same extent among the industries as the London City and Midland, and there is no bank which has given greater accommodation to the industries. We know that at the present time restrictions are placed upon our manufactures and exports, and there-

fore we should have expected to see the amount of the accommodation given to the industries decrease, but such has not been the case. While our advances have run down in many instances, and have even changed into credit balances, yet we have succeeded in so enlarging our business that instead of loans being reduced they have been increased in amount. Before the war our advances, including the figures of the Metropolitan Bank, were £61,000,000; at the present time, excluding advances for the purchase of war loan, they are £77,000,000. On the other side of the balance sheet, our deposits before the war were 105 millions, and at the present time they amount to 242 millions, or an increase of no less than 137 millions, or 130.5 per cent.

A FALSE VIEW

It has been alleged very strenuously that amalgamations cause competition among the banks to become weaker. Any such statement is false and without any foundation whatever. To prove this I say that already there are very few districts, if any, in which other banks have not taken steps to establish new branches where the number of banks has been recently reduced by two banks going together, and I would venture to say that, instead of competition being weakened, competition between the banks in future will be much more severe. There is no cause whatsoever for opposition to amalgamations on this account. Following on the cry of decreased competition we have had the cry of interlocking directorates. America has been pointed out as a country where interlocking directorates have proved injurious, and the conclusion has been drawn that interlocking directorates will be created here and prove equally injurious. America is a great country. To develop it she has had to establish industries. She could not build up her industries without establishing many new banks. She had not sufficient men who understood banking, and therefore these new banks had to be directed and managed by men engaged in the banks

already established. In this way men became directors of several different institutions. But such is not the case here. We are a small country, and we are an old country, and we can find gentlemen sufficiently qualified to be directors without taking the directors of any other bank. When, under the Act of 1826, some 120 banks were established in the course of a few years, we had not sufficient banking experts, and the managers came largely from Scotland. But the directors did not come from Scotland. They were found in our own country, and were not directors of other banks. Even under these conditions we did not have interlocking directorates.

THE "MONEY TRUST" ARGUMENT

As to the dangers of a money trust, what precisely is meant by the term "money trust"? Presumably, as applied to banking, it is the concentration of deposits in the hands of one bank, and the inference is that the directors of that bank will misuse the money which their depositors leave with them. This is a very serious statement to make. The directors of this bank will never go into any rings, and they will never misuse the funds which are entrusted to them. Of course, we are expected to make some profit from our trading. Seventy-seven millions of our advances are lent to our industries, and those who complain of the danger of a money trust will acknowledge that this money is properly lent. We hold nearly forty millions in investments in Government securities. Is this indicative of a money trust? Further, we are lending an additional fifty millions to the Government through the Bank of England or otherwise. Is this lending indicative of a money trust? There is nothing in the nature of a money trust in our establishment and there never will be. Our business is legitimate business, and the cry of "money trust" as applied to our institution or to the other banks is absolute nonsense. We cannot have interlocking directorates in this country, because it is against the practice of the banks for a director of

one English bank to be a director of another English bank. The banks are against rings. This bank particularly is against rings, and in no circumstances would we be induced to go into one.

NO REDUCTION OF FACILITIES

Will the opponents of amalgamation raise the question that it is against the interest of the country to have a concentration of resources? We must remember that we are a small country, and that we derive our deposits from a population of forty-seven millions. America has 105 millions, Germany has a population of seventy millions, and consequently they have a larger amount of deposits. The deposits of this country can be more effectively lent if they are concentrated than if they are scattered. By being concentrated they can be transferred more readily from those parts of the country where they are not wanted to those parts where they are required. It would be impossible to make these transfers if the deposits were not concentrated. Take the case of our own bank. We have 1,100 branches, and these 1,100 branches gather deposits from different parts of the country, and, if the bank has deposits in one part of the country which cannot be lent, they are easily transferred to another part of the country where they are required. I say the gentlemen who write and talk against concentration of resources do not understand the conditions of banking in this country, and their observations do more harm than good. With regard to the statement that the recent amalgamations will cause a reduction of banking accommodation, I should like to point out that this bank will open branches in the Eastern and South-Western Counties in every town where two banks have gone together. This will mean that the towns will not, and cannot, suffer from a curtailment of banking accommodation. The new branch will

have to make a business, and in order to make that business competition will be greater than it was before. The arguments that amalgamation results in reduced accommodation are wrong, and, in fact, no argument has been used against these amalgamations which, if sifted and examined, will not prove to be false. These amalgamations will not be prejudicial, and will, on the contrary, be beneficial to the community in the future just as they admittedly have been in the past. I can speak in reference to our bank, and we say that the fear of a reduction of banking accommodation, the danger of a money trust, and the possibilities of interlocking directorates and of the weakening of competition are all absurd. There will be no money trust, no interlocking directorates, and competition will be as severe as it always has been. The result will be that the industries will not get less accommodation, but the probability is that they will get considerably more.

ADVANTAGES TO THE SMALL MAN

Before closing I should like to deal with another objection which has been urged against these amalgamations, namely, that the small man does not receive considerate treatment at the hands of the big joint-stock bank. What is the position of this bank with regard to the small man? We have on our books over 40,000 customers who have come to us and secured accommodation in amounts of £500 and under; between 20,000 and 25,000 are borrowing on an average less than £50 each, and the total of our advances to these customers amounts to about six million sterling. We ask anyone who alleges that we do not treat the small man considerately to bring us examples. As I have said, we have 40,000 of these small men on our books, and we are quite willing to increase that number to 140,000 or more if the demands they make upon us are legitimate.





A Shipping Scene at Manila

IN choosing a banking connection for trade with the Philippine Islands, American bankers and business men are invited to consider two facts:

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NEW YORK AGENCY: WOOLWORTH BUILDING

Financial Conditions and Prospects in the Commonwealth of Australia

By DENISON MILLER, Governor, Commonwealth Bank of Australia

The Governor of the Commonwealth Bank of Australia, Denison Miller, Esq., tells below of some of the things done by his country since the outbreak of the war. Mr. Miller is well known personally to bankers in the United States. In Australia he is deservedly popular as a citizen and banker. Under his direction the Commonwealth Bank of Australia has grown in a short time to be a financial institution of great importance. It has been especially serviceable in meeting the problems of banking and finance growing out of the war.

GENERAL FINANCIAL CONDITIONS IN AUGUST, 1914

IN August, 1914, when war was declared between England and Germany, and the British Dominions ranged themselves beside the Mother Country, the financial position of the Commonwealth of Australia was as sound and full of promise as could be desired. Good seasons for crops, which were sold at fairly high prices, had prevailed, whilst heavy wool clips had brought record prices per bale, and the steady and continuing output of metals of all sorts was realizing high prices whilst the general primary products of the country, such as butter, fruit, rabbit skins, etc., were steadily on the increase, and, although imports into the Commonwealth had been expanding both as regards quantity and value, the position was quite safe, and Australia was in a splendid condition financially to meet any strain which might be occasioned owing to the war.

BANKING DEPOSITS

The published figures of the banks just prior to the outbreak of war showed that public deposits aggregated £248,000,000 (say \$1,240,000,000), of which £164,000,000 was lodged with ordinary trading banks and the balance of £84,000,000 with the savings banks,



DENISON MILLER
Governor, Commonwealth Bank of Australia

against which the banks held reserves in coin and bullion and Commonwealth notes of approximately £41,000,000 or twenty-five per cent. of the amount on deposit with the trading banks. One of the first noticeable features in the bank-

ing and financial position was an increase in public deposits, more especially those with savings banks, which was an indication that many people were, in the abnormal war circumstances, hesitant about investing their money, and, in the meantime, selected the most readily available form in which it would earn interest and, at the same time, be available for their special needs should such arise.

An outstanding feature of the financial situation has been the increase in banking deposits during the war period, despite the fact that sums aggregating £150,000,000 have been invested in the war bonds. As already stated, the total banking deposits at the time of the outbreak of war were £248,000,000, but in March, 1918, the aggregate of such deposits had increased to £308,000,000—an increase of £60,000,000, of which £30,000,000 is in savings bank deposits and the balance of £30,000,000 in ordinary commercial bank deposits. This increase is largely the result of favorable seasons, and it must also be borne in mind that the £150,000,000 which was invested in war loans has, to a very considerable extent, returned to the banks through the Governmental expenditure for war purposes.

AUSTRALIAN NOTES CIRCULATION

The note circulation of the Commonwealth consists entirely of Australian notes, issued by the Commonwealth Government, the private note circulation of the established banks having been discontinued some years ago. Just prior to the outbreak of the war the total note circulation of the Commonwealth was £9,712,000. In explanation of this comparatively small circulation it may be mentioned that up to the outbreak of war the Australian public had been for many years in the habit of using gold for currency purposes instead of notes, and that the highly developed current account and check system throughout Australia had, to a large extent, obviated the necessity for use of currency for any other purpose than petty out-of-pocket needs.

In common with all the belligerent countries, one of the most noticeable financial effects of the war has been to increase the note circulation owing to the conservation of gold for national purposes. In Australia this result has been strikingly demonstrated, the present circulation as at 31st March, 1918, being £51,085,000, showing an actual increase of £41,373,000, and it may be mentioned in passing that notes have now quite taken the place of gold for pocket purposes, and it is very probable that, even after the war is terminated, the Australian public will continue the use of notes for this purpose, as the use of either notes or gold is, after all, a matter of habit.

ISSUE OF WAR LOANS

Turning to the financial transactions which have been brought about as a direct result of the war, the most important feature is the raising of war loans in the Commonwealth. In Australia, which is a country still in process of development, large accretions of capital do not exist to any extent, and the practice when raising Government and other large loans had been to almost invariably turn to the London market. Soon after the outbreak of war the Imperial Government intimated to the Commonwealth Government that it would be agreeable to the British Government if Australia could finance herself from her own resources to the fullest extent possible, both for war purposes and general work, and the Commonwealth Government therefore decided to issue a war loan locally.

The first loan that was issued was in July, 1915, the prospectus of which set out that the loan was for £5,000,000 to bear interest at four and one-half per cent. and would be issued at par. Interest was free from Commonwealth or state income tax and bonds or stock of the loan would be accepted at par in payment of probate and succession duty due to the Commonwealth. It was made public that though the nominal amount of the issue was £5,000,000 the Commonwealth Government would be prepared to accept sub-

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WALTER E. FREW
President

scriptions in excess of that amount, and that all applications would be fully allotted.

The actual flotation of the loan was placed by the Commonwealth Government in the hands of the Commonwealth Bank of Australia, which institution had at that time been established about two and one-half years, and had been brought into existence as a Government bank, owned entirely by the people of the Commonwealth and without private shareholders or capital, and was the official bank of the Commonwealth Government.

As this was the first issue of any magnitude that had been made in the Commonwealth, the established banks were naturally somewhat apprehensive that the result would be a considerable decrease of their deposits and a resulting drain on their liquid assets, which would be transferred to the Commonwealth Bank through investment in the war loan, despite the fact that the loan was payable in five installments,

spread over a period of five months. The actual amount subscribed to this issue was £13,389,440, and, although this considerably exceeded expectations, it was found in practical effect that, owing to the amount being expended by the Government for war purposes almost as rapidly as it was received, the banks' deposits were not affected to any considerable extent and the money flowed back to them automatically. Since then six further issues of the Commonwealth War Loan have been made, the aggregate amount subscribed to the six issues being about £190,000,000 (say \$950,000,000), and it is specially worthy of notice that all the loans have been issued at par without any discount, and that the rate for the loans throughout has been kept at four and one-half per cent. free of taxation and five per cent. subject to Commonwealth taxes, despite the fact of the general upward tendency of money rate throughout the world. Direct subscriptions to the various loans

have been made by the banks for large sums, the Commonwealth Bank of Australia being the largest subscriber.

With regard to the Sixth and Seventh issues of the War Loan the banks, under special arrangement with the Commonwealth Government materially assisted in subscriptions to the loan by advancing money to approved clients at four per cent., the amounts so advanced to be repaid in eighteen months by installments convenient to the borrower. In this way about half the amount of these two loans were advanced by the banks, the major portion of which would never, in the ordinary way, have been invested in the loan. The insurance companies and other semi-financial companies have also contributed largely, the company holding the pride of place being the Mutual Life and Citizens Assurance Company, whose subscriptions have totalled £8,000,000.

Though the contributions have been largely stimulated by patriotic motives, the investors throughout the Commonwealth have also realized that the rate of interest, though not as high as that being paid in other countries, is amply remunerative; and the freedom from both Commonwealth and state income tax, which the earlier loans enjoyed, has been an additional attraction, especially in these days of increasing income taxes.

Another privilege which has been extended to money invested in the four and one-half per cent. war loans has been its exemption from the operations of any wealth levy, for though up to the time of writing no actual wealth levy has been made in Australia, it was at one time contemplated that for the purposes of repatriation and meeting war obligations it might be necessary to adopt some such system of taxation, and the exemption of money invested in the war loan from such a form of taxation is an exceedingly valuable privilege.

WAR SAVINGS CERTIFICATES

In addition to the actual war loans themselves, a method of issuing war

savings certificates has been introduced on very similar lines to the English system, except that the certificates have a currency of three years only, and are issued at a discount in such a way that the capital invested will yield four and one-half per cent. compound interest during the currency of the certificate. For instance, a certificate for £100 payable in three years is issued in respect of a cash payment of £87:10, the difference representing compound interest at four and one-half per cent. on the £87:10 for a period of three years. The object of the issue of these certificates is twofold, the first being to attract small savings, and as the working classes in Australia receive high wages, the savings which are controlled by such people are in the aggregate considerable. For this purpose the certificates are issued for amounts as low as £1. The other object is to make a Commonwealth Government war security available at all times, so that between issues of the war loans* investors who have moneys maturing may have an opportunity of placing their resources at the disposal of the Commonwealth Government for the direct object of assisting in the war finances. The principal invested in war savings certificates and interest thereon enjoy the same privileges and exemptions from taxation as principal and interest of the earlier Commonwealth war loans.

In order that the Commonwealth Treasury may keep control of capital issues with the object of diverting as much money as possible into Commonwealth war loans, and also to prevent the flotation of speculative companies and the locking up of capital in such ventures during the continuance of the war, regulations were passed under the War Precautions Act prohibiting the issue or subscription of fresh capital without the consent of the Commonwealth Treasury first having been obtained, and this has been found an effective means of control and has achieved its intended object.

GOVERNMENT CONTROL OF PRIMARY PRODUCTS

The season following the outbreak of war—that is, the end of 1914 and the beginning of 1915—was not as prolific as its predecessors; but the three following seasons, those of 1915-1916, 1916-1917 and 1917-1918, have been very favorable, and as owing to war conditions a greater area had been cropped for wheat and at the same time the value of wheat and wool has been considerably enhanced by the world-wide rise in prices of such commodities, the last three seasons have been particularly favorable ones for the primary producers of the Commonwealth. As an indication of this it may be mentioned that the wheat crop for 1913-14 was only 103,000,000 bushels, whilst that for 1915-16 was 180,000,000 bushels, and that for 1916-17 approximately 153,000,000 bushels, and 1917-18 approximately 122,000,000 bushels. When a bumper crop for 1915-16 was assured, the question arose as to whether, under war conditions, shipping facilities would be available to lift the crop and take it to other parts of the world, especially to Great Britain, where it was in such urgent demand. The Commonwealth Government, after giving full consideration to the whole question, decided that it would be necessary for the wheat to be dealt with on a national basis in order that freight space might be utilized to the fullest extent and properly conserved, and it was therefore decided to establish a "wheat pool" under Government control. The agents who had handled the wheat crop throughout the Commonwealth in the past were appointed to act for the Government, the procedure being that as wheat was delivered by farmers to the agents on account of the pool, the farmer was given a certificate on which he was able to obtain an immediate payment of a clear 2s. 6d. per bushel from any bank throughout the Commonwealth and also entitled to receive further dividends from time to time as might be arranged. Government shipping agents were also appointed to attend to freight

arrangements and control the shipping space available. After overcoming the initial difficulties which were bound to arise from such a complete change in the methods of handling one of our largest primary products, the pool system has worked quite satisfactorily, and it is more than possible that the farmers, having had this lesson in co-operation, will continue a modified pool system even after the termination of the war. Up to the present, dividends which have been or are about to be paid to farmers on the 1915-16 harvest total 4s. 9d. per bushel f. o. b. The 1916-17 and 1917-18 harvests are being dealt with in a similar manner. A large proportion of the crops has been sold to the British Government, and is being despatched as fast as shipping space is available, but in addition to this sales have been made to other countries, such as America, France, South Africa, Italy, Chili, Brazil, etc.

To enable the Australian Government to finance these transactions and to move wheat, the Australian banks have made advances to the Government totalling no less than £82,500,000 (say \$412,500,000), which amounts have been and are being repaid to the banks from the proceeds of the wheat as realized, the remaining overdraft now standing at about £13,000,000.

WOOL

Another of the primary products coming under Government control is the wool clip, which at present valuation is estimated at approximately £50,000,000 per annum (say \$250,000,000). Up to December, 1916, the only interference with the wool trade was the Government control of its destination in order to prevent any portion of the Australian wool clip reaching enemy countries through neutral channels. In December, 1916, however, when about half the wool clip for that season had been dealt with, the British Government, through the Commonwealth Government, stepped in and purchased at 1s. 3½d. per pound the whole of the remainder on hand, which was estimated at about 1,000,000 bales,

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The method under which the wool was purchased by the Government was by valuation by independent appraisers and in order to arrive at the value of the various clips over 800 different grades of wool are appraised. As appraisements of catalogues were completed, the British Government paid for the wool in London, and under this system the banks in Australia were not called upon to make any advances, but simply to effect the transfer of the money from London to Australia in order that the wool growers might be paid.

The amount which has been dealt with as payment for the balance of the 1916 wool clip was approximately £26,000,000 and the British Government have also purchased the whole of the 1917-18 wool clip at the same price, 1s. 3½d. per pound, or a total cost of approximately £50,000,000.

Arrangements have also been made for the next two wool clips—those of 1918-19 and 1919-20 to be taken over on the same terms.

Various other primary products, such as metals, meats, etc., have also been dealt with on a national basis under war conditions, and by pooling arrangements made amongst the Australian banks, each bank has participated in the financing of these huge deals to an equitable extent, based on their respective resources.

INSURANCE CONDITIONS

The insurance companies throughout the Commonwealth have adapted themselves to war conditions as they arose, the people of the Commonwealth of Australia being perhaps the heaviest assured, per inhabitant, of any country in the world. The insurance companies, therefore, were carrying a huge liability on lives between the military ages of eighteen and forty-five, representing a sum at risk of approximately £95,000,000 (say \$475,000,000). On this large sum no extra premiums were payable with the exception of very small amounts on the lives of professional soldiers, policies issued by the

Australian companies being "world wide"—that is to say, the assured can go anywhere or do anything without payment of extra premiums.

In addition to the liability mentioned, additional insurance has been effected at a very moderate rate by thousands of other military lives, the companies being enabled by the cautious policy which they had adopted in times of peace and prosperity to add to their reserves and strengthen the foundations on which their business had been built to such an extent that they felt that they were in a position to continue insuring the lives of military proponents to every reasonable extent. The strength of the companies has been tested in a manner hardly to be foreseen, and, notwithstanding the heavy writings off for depreciation of investments, the numerous claims arising out of the war, and the additional expense and taxation incurred through war conditions, the reserves of the companies have practically remained intact.

When the various primary products of the Commonwealth were dealt with on a national basis, as has been mentioned earlier in the article, the insurance companies had to adapt their methods to meet the new circumstances, and instead of each company doing a separate business with its individual clients, the whole of these huge transactions, such as the wool clip valued at £50,000,000 sterling, and other transactions of a similar nature, were pooled, each company taking its proportionate share on a basis which was arranged amongst themselves.

Under war conditions and with shortage of shipping facilities many perishable products, such as meat and frozen rabbits, had to go into cold store for indefinite periods, and the insurance companies were, therefore, called upon to cover risks of which they had no previous experience; but in these and all other special operations, brought about by the war, the companies have shown an adaptability which is to be highly commended.

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ADMINISTRATION OF (LATE) GERMAN
COLONIES IN THE PACIFIC

Almost immediately after the outbreak of war, expeditionary forces which were despatched from the Commonwealth and New Zealand took possession of German colonies in the Pacific, which have since been conducted under British Military Administration. Under the terms of peace, which were arranged, the German residents are allowed—subject to the control of the Military Administration—to continue trading, but all trade has naturally been diverted to the Commonwealth to where the products of the (late) German territories are now shipped and whence all supplies of stores are also purchased.

Prior to the war all financial transactions of these German colonies had been carried out by the large German trading houses, but in order to bring the financial operations of the mixed community more closely under control a branch of the Commonwealth Bank of Australia was established at Rabaul, the capital of (late) German New Guinea, and military regulations were brought into force under which all banking transactions had to pass through that bank.

Steps were also taken to replace the German currency, consisting of Reichsbank notes and German silver marks, by Australian currency, and this change has now been effected without any unnecessary disturbance of trading conditions.

After the termination of the war the readjustment of trading relations and control of these Pacific possessions will be one of the many problems which will have to be dealt with.

FUTURE FINANCIAL PROBLEMS AND
PROSPECTS

One of the outstanding financial problems which will have to be solved in the Commonwealth of Australia is the adjustment of exports and imports. In India we have seen practically a deadlock in the exchange operations of the banks, owing to huge exports with-

out corresponding imports having transferred an undue proportion of the funds of the Indian banks from India to London, and thus leaving them in a condition in which they found it difficult, if not impossible, to continue financing exports.

Owing to the prolific harvests and high prices for the primary products of Australia, coupled with decreasing imports due to many manufactured articles, which were previously imported heavily into Australia now being unobtainable, a position somewhat similar to that in India is likely to arise and will have to be overcome.

The question of repatriation of soldiers, many of whom have been injured and rendered unfit for their previous occupation, has also to be dealt with, but this is now being fully considered and steps are being taken to deal with this problem well in advance.

Interest on the proportionately large war loans will have to be provided, but as the loans have been floated internally the interest will also be paid in the Commonwealth, and in the aggregate will leave the community no poorer. Apart from these special war loans, the national debt of the Commonwealth and States of Australia has practically all been expended on reproductive works, such as railways, etc., and is, therefore, largely self-supporting.

Australia should always have a large surplus of primary products available for export, but shipping space is difficult to obtain under present conditions and will probably continue so for some time after the war. The world, however, must have such products as Australia can supply, and some means will be found for forwarding them to the older countries where they are needed.

All national crises bring forth fresh problems to solve, and it is by promptness and efficiency in dealing with these problems as they arise that a nation demonstrates its ability to progress.

In Australia many valuable financial lessons have been learned as a result of the abnormal war conditions, but all



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classes of the community, together with the Government and the banks, have worked in co-operation, with the result that difficulties have been disposed of as quickly as they arose.

Australia has an almost limitless store of natural wealth in the form of

primary products, and has wonderful recuperative powers. Given favorable seasons and an opportunity to forward its products to other parts of the world in return for imports, the financial future is assured and can be looked forward to with confidence.

Some of the Elements of Success in International Trade and Banking

By ARTHUR REYNOLDS, Vice-President Continental and Commercial National Bank of Chicago

ALTHOUGH the volume of foreign trade of any country is made up of a multiplicity of transactions, big and little, and although the energy displayed by separate communities, associations, corporations, firms and individuals in adapting manufacture, transportation and merchandising to the needs of other countries is a large element in international buying and selling, after all the subject under discussion is one of national scope and importance. To insure a commanding position in foreign markets, we must have the support of a liberal Government, which will adopt broad measures that can be carried on by succeeding administrations. These measures should be founded upon the principle that diplomats establish cordial relations, that commercial agents act as trade emissaries, and that there will be intelligent coöperation by great American shipping interests, as well as by branch managers of American-owned banks with agencies wherever there is an outlet for our goods.

SYSTEMATIC DEVELOPMENT OF OUR FOREIGN TRADE

If we expect to attain that degree of prominence and permanency in world



ARTHUR REYNOLDS
Vice-President Continental and Commercial
National Bank of Chicago

commerce to which we are entitled, it is imperative that we follow a definite, well-devised system. We must go about

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it deliberately and with unswerving determination. If we rely upon spasmodic and scattered efforts following the war, the splendid advantage which is now ours will be wrested from us.

In the days prior to 1914 England and Germany easily dominated overseas commerce, because Englishmen and Germans, whether at home or abroad, were imbued with the spirit of foreign trade; they took pride in the national accomplishment in this expansive field of business, and, as the national ambition focused upon this central idea, Englishmen and Germans stationed in other countries formed channels of influence through which there flowed an ever-increasing demand for goods manufactured or merchandised by their own people; they introduced the goods. Each of the governments lent its aid. Neither country was satisfied to deal in raw materials alone. The statesmen and business men of the respective countries had the vision to see that domestic prosperity depended upon the gathering in of raw materials from all over the face of the earth to be converted into manufactured articles by English and German labor. In the process the English and German people profited from four principal sources; namely, manufacture, buying and selling, transportation, and banking. The balance of the world paid tribute to them. These profits helped support all the people of the two countries.

We must draw our lesson from the experience of England and Germany. Every American must declare the pre-eminence of American goods; whether located here, in France, England, Russia, China, Argentina, or elsewhere, he must learn to put our merchandise above any other. If he believes in it, ask for it at the stores, and vouches for its merits, others will want it. It will be a partial but unnecessary waste of our marvelous resources—products of the farm, forest, and mine—if we rely upon the exportation of live animals, unmilled grain, unfinished iron, steel, copper, etc., instead of converting all these into the manufactured state.

VALUE OF INDIVIDUAL EFFORTS.

While in a broad sense foreign trade is a national question, I do not want to be understood as minimizing the importance of the initiative and efforts of individual corporations and firms in this direction. It would be unfortunate indeed if any such should wait for united action. For instance, there are numerous manufacturers and dealers now selling large quantities of merchandise in China, through their own efforts, and I want to emphasize the fact that there are opportunities for a very much larger number of our American business houses to dispose of their wares in China. They should send as their own representatives men of considerable ability and tact, to investigate the possibilities there. They will find that the Chinese are ready for many of the articles which we can manufacture and export, and one great advantage is that the country has not had its business disrupted by war. It will probably be the most normal nation, commercially, when peace is declared, and as we have transformed our industrial machinery to a war basis the same as has been done in many other countries, it would seem the part of wisdom for American houses to begin now to build up connections in China that will furnish an outlet for their goods during the period of readjustment here and elsewhere.

What is true of China applies, at least to a certain extent, to a number of other countries that have not taken an active part in the war. One detail should not be overlooked. Americans who expect to do business in China and these other countries should rely upon their own direct representatives only. The export and import houses already established in foreign markets are largely committed to promoting the sale of goods made in the countries in which their home offices are located. American goods consigned to them too often are either used for unfavorable comparisons or allowed to repose on their shelves in obscurity.

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In my judgment the Chamber of Commerce of the United States now has an opportunity that is greater than any ever presented to any other similar organization. It numbers among its membership many of the leading business houses of the world, concerns that employ the ablest men in every line of business endeavor; it has the confidence of the people; its committees have a reputation for thoroughness and impartiality; and it can perform no service of more far-reaching good to all our people than by devoting a large share of its tremendous power towards a thorough treatment of this subject from all angles. Without detracting from the helpful war activities of its membership, it ought to push this vital work now. Through its committees it can help our Government and our business men prepare for the coming of peace and the commercial problems that will arise with the changes wrought by war.

This is not written in the belief that even now the chamber is neglecting this great opportunity, but rather with the view of calling attention to the task and urging all business men to coöperate with the officers of the chamber in the efforts they are making and will make in the campaign to secure the necessary coördination between Government and business. This coöperation is also needed in connection with the vast amount of work necessary properly to introduce American goods to the millions of foreign consumers who will be anxious to obtain them. The authorities at Washington must be convinced that our future growth depends upon our ability to produce and transport goods as cheaply as any other nation; that our laws pertaining to labor, maritime operations, and banking must offer to our citizens as favorable inducements to seek foreign trade as are offered by other governments to their citizens. The Chamber of Commerce is the agency best equipped for presenting this subject to our public officials.

Much is said and written about the

foreign financing that will be a necessary part of our coming international trade. We are told that if America wants to sell goods in Central and South America or Africa we must finance the enterprises of those countries. The country that furnishes capital for the development of their agricultural, mineral and forest resources and for the building of their railways will sell them the goods they use. That is a perfectly logical arrangement and one against which nobody can complain.

The West is proving to be a rich investment field, one that is undergoing a change that will open up possibilities for the marketing of foreign as well as domestic securities. Heretofore we have had millions of acres of untilled land, fertile beyond belief, immense unworked mineral deposits, great stretches of virgin forests and thousands of miles of territory without transportation. Settlers on the land, miners, lumbermen and railroad builders all required capital. We had to go outside to borrow, as the limited local supply was wholly inadequate. We were a very large debtor community. Development in all these avenues has been going on in marvelous fashion for decades and the results in the shape of accumulated surplus capital are now becoming strikingly apparent. Formerly the farmer used the proceeds of crops to liquidate mortgages or buy more land. His indebtedness has constantly diminished through recent years, and the days of feverish land buying are gone. He is becoming a security holder. The mining companies are converting their ores into cash that is adding to the investable resources of our people. Our railroad construction period is over. The Liberty Loan drives are educating farmer, laborer, manufacturer and merchant as bond buyers. All this means that the Middle West is fast becoming a most promising investment field and that Chicago and the Middle West will be able to absorb their full quota of whatever foreign securities it may be necessary to sell in this country in the promotion of our commerce abroad.

It is not over-stating the possibilities to predict that the United States will emerge from this present period of world unsettlement as one of the truly

great nations in international commercial affairs, and that Chicago will contribute its share in every movement looking to that end.

Effect of Peace on Our Industries

By A. B. HEPBURN, Chairman Advisory Board, Chase National Bank, New York

WHEN peace comes the work in all plants making guns, munitions, or essentially war goods of any kind will stop. The labor thus engaged will be thrown out of employment and at a time when the high cost of living will be at the peak. The Government will cancel all contracts for the manufacture of war material, as they have a right to do. The manufacturers will, by the terms of their contracts, have a claim upon the Government because of such cancellations. They will have a claim not only by the terms of their bargain with the Government, but morally and equitably as well. Claims against the Government are proverbially slow in adjustment. In order to prevent such manufacturing concerns from going into bankruptcy and in order to enable them to shift their line of manufacturing and seek new markets, in order to prevent the non-employment of labor at a crucial time, and in order to prevent a general business cataclysm, the Government should now prepare for that eventuality which is sure to come, and be prepared speedily to adjust all contracts. It is often said that business has enjoyed great privileges and unusual opportunities for making money, as the volume of business has grown in response to a general and insistent demand; that they have made so much money on the upgrade that they can well afford to with-



A. B. HEPBURN

Chairman Advisory Board, Chase National Bank,
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stand the "lean" period of readjustment following the downgrade after the war. This idea should be modified by

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the fact that the Government has taken, by means of taxation, a very considerable proportion of war profits. It should be borne in mind also that war, though a calamity, is constructive. It makes a demand for all kinds of material and for all kinds of labor; it gives to a nation full employment and advancing prices. All this is reversed on the down-grade. There is no further demand for the kinds of goods that manufacturers have been turning out in such volume, and consequently no demands for labor employment in such manufacturing. With labor, material and the general cost of manufacturing at the maximum with a diminishing market and receding prices, loss inevitably stares all manufacturing concerns in the face. The demands of this war have raised everything to an unusual height. The decline will be great in proportion when peace comes. The enforced economy which obtains in all warring nations will be continued for long years. The personal consumption

of goods will be diminished throughout the world; and when the demands for goods on the part of the Governments at war shall cease, the business outlook will not be reassuring. The Governments are the principal consuming forces in the world to-day, and when they cease to be buyers they should do so with great regard to the general interests of their respective peoples.

The making of guns and shells and other implements of war and their accessories will cease very abruptly when peace comes. Confusion and uncertainty must characterize the transition period in which business will again seek normal channels and natural markets. Fortunate will we be if our Government settlements are speedy—so much of our business is with the Government—thus enabling business, both small and large, to presently seek new fields and new consumers for their output. The copper which this war has called for has been almost wholly destroyed in its use and must be replaced from the mines.

Railroads the world over and rolling stock will be found in bad condition, and large demand for rails, engines and cars will likely follow. By the close of the war, doubtless the shipping tonnage will exceed the world tonnage when the U-boats began their work, and it would seem as though commerce, so interrupted and disjointed, would not have full use for the available shipping. On the other hand, think of the time it has taken and the intensive demand for vessels to transport our army to France, and then reflect upon the time and vessels it will take to reconvey the Allied armies back to their homes.

Commerce in American bottoms can never compete with other nations until our labor and navigation laws are revised in the interest of making the contest equal.

In the light of this war's experience, there should be a revision of our tariff laws, our economic laws, especially with reference to credit, currency and banking, and our laws with reference to transportation both on land and sea.

In other words, the great problems involved in advancing civilization, involving man's material wants and human rights, will call for reëxamination and readjustment. Not only will business be in a state of flux, seeking again to find itself, but the ego, the homo, in their interrelations and their relations to economic and material activities, will call for readjustment. This will require the highest statesmanship on the part of our rulers, and let us hope that wise solutions may be had while our people are still so closely united and before intense partisanship again appears.

Canadian War Finances

By HON. A. K. MACLEAN, Acting Minister of Finance

THE revenue for the fiscal year ending March 31, 1918, will, when the accounts are finally closed, reach \$258,000,000, exceeding the revenue of the preceding year by \$26,000,000, and that of the first year of the war by \$125,000,000. Of the total amount of \$258,000,000, Customs will yield \$146,000,000 and excise \$27,000,000. From the various taxations, apart from customs and excise, we shall have received nearly \$25,000,000. The several sources from which this revenue was derived, and the amounts, might be of interest to the House. For the past fiscal year they are as follows: Business profits war tax, \$21,271,288; banks, \$836,724.28; insurance compa-

nies, \$385,127.68; trust and loan companies, \$207,917.68; Inland Revenue from railways, steamships, telegraph and cable companies, stamps, etc., \$2,229,922.81; a total of \$24,990,975.45.

EXPENDITURE

Coming to our ordinary expenditure, and taking cognizance only of expenditures for civil government, and disregarding all outlays on account of war, the expenditure for the fiscal year 1917-18 is estimated at \$173,000,000. The total expenditure of \$173,000,000 includes payment of interest, estimated at \$45,000,000, and pensions of some \$7,000,000, or \$52,000,000 altogether;

whereas prior to the war the outlay on interest was but \$12,000,000, and of course the expenditure for pensions on account of the war had not yet begun. It is also inclusive of the sums of \$25,000,000 and \$7,500,000 voted and advanced on account of the Canadian Northern Railway and the Grand Trunk Pacific Railway respectively. For the capital outlays beyond the ordinary current expenditure of \$173,000,000 an expenditure of \$30,000,000 is estimated. These two items of expenditure amount to \$203,000,000, and represent the outlay of Canada for all purposes apart from war during the past year.

With a total revenue of \$258,000,000, and an ordinary and capital expenditure of \$203,000,000, it will be seen that during the fiscal year 1917-18 the Government was able to meet all ordinary and capital outlays, including an increased amount for interest account and pensions over the previous year of nearly \$15,000,000, and have a favorable balance of about \$55,000,000 to be applied to war expenditures.

Apart from the increased interest caused by our war borrowing, and the amount required for pensions, also arising out of the war, substantial reductions have been made in the estimates of practically all the services, and I anticipate that actual expenditure will be well below the amounts voted. These reductions, however, are more than offset by the additional sums needed for interest and pensions for the current year over the past year, and which excess I estimate at \$25,000,000, so that ordinary expenditure for 1918-19 will increase materially over that of the previous year. Outside of interest and pension account, ordinary expenditures should not exceed those of last year. Substantial disbursements this year will be necessary in connection with the Soldiers' Land Settlement programme, and a substantial liability has been assumed for the year in connection with the Halifax disaster. The capital expenditure vote has been materially cut. It is estimated that for the fiscal year 1918-19 we shall be able to pay our ordinary

and capital expenditure out of our revenue and have, as in the past two years, an appreciable sum over, which we can apply to war purposes. The unexpended balance of the Victory Loan will finance our war expenditures and advances to the Imperial Government until July next, when treasury bills will



HON. SIR THOMAS WHITE, K. C. M. G.,
Minister of Finance of Canada

be temporarily negotiated, until the proceeds of the next public loan are available.

WAR EXPENDITURES

Canada is now in the fourth year of the war. Our expenditure on war account for the year 1917-18 approximates \$345,000,000, of which amount \$167,000,000 was expended in Canada; the balance, \$178,000,000, represents our war expenditure overseas. Up to March 31, 1917, we had expended for war purposes \$533,437,036.11, so that on March 31, 1918, our total outlay for

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war was approximately \$878,000,000. This amount includes all expenditures in Canada, Great Britain and France, and is also inclusive of the upkeep of our troops overseas. The amount does not, however, include any pay due but not yet paid to the troops overseas. During the past two fiscal years we have applied to war expenditure surpluses of revenue over ordinary and capital outlays the sum of \$113,000,000, and our interest and pension payments attributable to war and covering the entire war period would approximate about \$75,000,000.

NET DEBT

The net debt of Canada, which before the war stood at about \$336,000,000, has now passed the billion-dollar mark, and it is estimated that when the accounts for the year 1917-18 are closed it will reach, approximately, \$1,200,000,000. The increase is almost entirely attributable to war expenditures. To provide funds for our war necessities, apart from the amounts we were able to spare from the ordinary revenues of the country, we have had recourse to public loans, and from time to time to temporary loans from our banks, which were subsequently liquidated from the proceeds of loans.

TRADE

The statistics of our trade indicate that our exports, year by year as the war progresses, are showing a greater and greater increase over our imports. The year before the war the imports exceeded the exports by nearly \$300,000,000. In 1917-18 this condition has been so completely reversed that the exports exceeded the imports by almost \$625,000,000, and our total trade, which passed the billion mark in 1913, exceeded the two and a half billion mark in 1918.

It must be borne in mind, however, that this increase in our total trade is very largely attributable to war conditions, and as well the very favorable trade balance. It might be informing

to the House to briefly state that in 1917-18 our exports to Great Britain were about \$860,000,000, while our imports amounted to \$81,000,000. Our exports to the United States reached the sum of \$440,000,000, while our imports were \$790,000,000.

EXCHANGE

Owing to the inability of Great Britain to settle in the usual way her trade balances, and to which I propose referring later, we are experiencing an acute exchange problem in Canada. During the past few months a very high rate has prevailed on remittances of funds to the United States, which has imposed a severe tax upon importers and the public, and, if it continues, must diminish imports or add to their cost. This high rate is due to the fact that we have to remit more to, than we receive from, the United States, and consequently the demand for United States funds is greater than the supply. Were we able to sell securities in the United States the rates of exchange might easily have been adjusted or normalized, but Canadians were not permitted to do so. The Government did not require during the present year to borrow in the United States, even if we were permitted, and consequently by such an operation it was not convenient or practical to correct the exchange.

To redress the adverse rate of exchange with the United States, we must lessen our imports from that country, or the United States must buy more from us, or we must sell securities in the United States to the extent of a very substantial proportion of our adverse trade balance. Other considerations, however, are involved in this matter, to which I shall refer later, but I might be permitted to say that the Government has been diligent in its endeavors to bring about such financial arrangements with the Governments of Great Britain and the United States as would materially relieve our people of the burden of the present high rates of exchange. I hope that very shortly we shall be in a position

to announce the successful conclusion of negotiations which have in view this end. In connection with the exchange problem it might be of interest to state that for the first three months of this calendar year our imports from the United States have decreased below that of the corresponding period of last year by over \$36,000,000, while our exports have increased in the same comparative period by about \$20,000,000.

THE VICTORY LOAN

The unqualified success attending the Victory Loan of last year, as well of previous domestic loans, is of such notable importance and significance that it calls for more than a passing reference. The large investment made by our citizens in the securities issued by the Government from time to time since the beginning of the war is a matter of natural pride to all Canadians. Since December 1, 1915, domestic war loan issues aggregating \$746,000,000 have been made, and of which over \$700,000,000 was subscribed for by Canadians, a very tangible evidence of the productive powers of our people, their determination to sustain our army and our commerce by loans to the State, and their faith in the ability of Canada to honor in the future the financial obligations now so honorably incurred. That Canada possessed such a purchasing power it is needless for me to say was hardly entertained by any person, even the most optimistic.

Last November the fourth war loan was placed upon the market in Canada. In the case of the three previous loans, for their successful flotation, the Government of the time relied upon newspaper advertising methods alone to secure the required subscriptions, and no extensively organized campaign was deemed necessary. In the case of the last loan, however, it was felt that more vigorous methods should be adopted in order that a wider response to the appeal should be received from all classes of our population, so that the absorption

of the loan would be rapid and that by spreading the holdings over as many people as possible the subscribers would be more strongly protected so far as the market price was concerned.

The Minister of Finance, with the coöperation of some of the most active of the business men of the Dominion, organized a central committee called the Dominion Executive of the Victory Loan Campaign, which in turn organized associated committees in every province. These again created committees in various counties, cities and towns. By address, advertisement and canvass, by the united effort of all these countrywide organizations, the results far exceeded the expectations even of those best qualified to anticipate the result of an appeal of this character. The bonds were of five, ten and twenty year maturities. The prospectus called for an amount of \$150,000,000, but the loan was an open one and the right was reserved to exceed subscriptions above this amount. In response to the appeal subscriptions to the amount of \$408,000,000 from approximately 600,000 subscribers, a subscription from about one in every nine of our population, a subscription of over \$58 per capita, were received. This was slightly better than the result of the Liberty Loan of 1917 in the United States, where some 9,400,000 subscriptions were received, or about one in more than eleven. The subscriptions in the four western provinces were particularly gratifying, and indicate in these new provinces remarkable accumulation of wealth, which fact is pleasing to the older sections of the Dominion. The Victory Loan Committee state the subscriptions of Alberta amounted to \$16,515,150; British Columbia, \$18,814,700; Saskatchewan, \$21,777,050; and Manitoba, \$32,326,600. Opportunity was given to the Overseas Forces to subscribe, and we received over \$1,500,000 from soldiers who cashed in their faith in their fight and country.

The total subscription was cut down to an allotment of \$398,000,000 of new money, not counting holdings of previous war loans which were convertible

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and were converted into Victory Loan Bonds to the amount of over \$150,000,000. When all the charges are computed and paid, the cost of the loan will approximate $1\frac{1}{4}$ per cent., which is comparatively small in such a large operation and extending over so wide an area. The banks received $\frac{1}{4}$ of 1 per cent. as remuneration for their services and to compensate them for the labor entailed in all their branches in taking the subscriptions; issuing temporary receipts; delivering the scrip; receiving the five instalments from January to May; transmitting the cash to the Department of Finance; delivering the bonds to subscribers in exchange for scrip, and paying at par all over Canada the coupons and interest cheques during the whole period covered by the loan.

The probable subscribers of the larger amounts were solicited by the agency of a special committee and upon these subscriptions no commission was paid. The local canvassers received

$\frac{1}{2}$ of 1 per cent. on all subscriptions received by them to compensate them for their time and labor; and finally, the bond dealers and brokers who coöperated most heartily and energetically in the work and who placed the services of themselves and their several staffs at the disposal of the committee were allowed such remuneration as was deemed reasonable by the Minister of Finance. It is estimated that the total charges will amount approximately to \$5,000,000, or about $1\frac{1}{4}$ per cent. When the issuing charges for all our previous loans are considered, it will be found that this may be regarded as exceedingly reasonable.

FINANCING WAR AND TRADE

There is a very direct connection not only between our domestic loans and the financing of our war operations, but also with our productions and our overseas export trade, and I think the matter well worthy of some consideration.

Fundamentally trade is the exchange of products, and payment of the purchases of goods abroad must be made by the sale of goods or securities abroad. With us, gold is not a factor in international trade. All are acquainted with the fact that the war has disturbed the natural currents of trade, rendering impossible the settlement of international trading accounts in the usual manner. Prior to the war, Canada had a favorable trade balance with Great Britain through the sale of her products and securities in that country, while we have always had an unfavorable trade balance with the United States. We settled the latter in London out of our available credits there, which was of course convenient to the United States because that country always had payments to meet there.

The later stages of the war, however, have materially altered Great Britain's position, and circumstances have compelled her to purchase heavily of war supplies and foodstuffs on this side of the Atlantic, while her exports have been diminishing. She has thus become chiefly a purchasing nation, and is no longer a loaning but a borrowing country. In 1917-18 we had as a matter of fact a favorable merchandise trade balance with Great Britain of about \$790,000,000, while with the United States it was unfavorable to the extent of \$350,000,000. Normally, we would settle our unfavorable American trade balance with the moneys receivable from Great Britain for her liberal purchases of our high-priced commodities. However, owing to the enormous purchases Great Britain was obliged to make for herself and some of her allies, and so great had been the drain upon her liquid resources in the first three years of the war that in July, 1917, she was obliged to secure loans or dollar credits for her Canadian purchases, otherwise, she would be obliged to practically cease purchasing here. In that event, commercial disaster would have overtaken us and we would have had difficulty in financing our war expenditures. It was therefore important that immediate action be taken to meet this new condition of affairs. In order that our

industries and our artisans might be employed, that our agriculturists might be afforded an export market and encouraged to produce, and that all our people might be paid for their exportable productions, which was of course of vital importance to all classes of our people, arrangements were consummated in midsummer last year whereby the Government of Canada agreed to make advances to Great Britain at the rate of \$25,000,000 per month in order that she might purchase in Canada such of our products as she needed and which we had to sell. In fact, advances for cheese and meat products in excess of the agreement were made last year. In addition, and for the same purpose, the Canadian banks agreed to make advances to the British Government, and altogether up to this date have advanced \$200,000,000 on the security of Imperial Treasury Bills. Further, the Government of the United States last year agreed to establish credits for British purchases in Canada.

These arrangements are still effective and are likely to continue throughout the year. In a word, the Government of Canada and the Canadian banks have been granting credits for Great Britain's purchases in Canada in substantial amounts since midsummer of 1917, otherwise, our overseas trade would have been seriously handicapped. I must point out, however, that while the Government has thus been making advances to assist in the payment of British purchases in Canada, Great Britain has been paying for Canada the upkeep of her troops in Great Britain and France, and sundry other Government accounts. These payments by the Imperial Government for Canada have been to date \$100,000,000 less than the payments made for Great Britain by the Canadian Government, and there is that amount to our credit in this open account to-day.

That is strictly the Government's financial position in respect to war and trade for this year. It might be interesting to consider the economic position of the people of Canada outside of the Government. The position of the people of the country, apart from

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the Government, is surrounded with additional difficulties. They must meet an adverse balance of merchandise trade with the United States, and also the principal and interest of maturities there. They must as well pay for imports from Great Britain, which last year amounted to \$81,000,000, notwithstanding we are the creditor country; and they must pay the interest owed by our people in Great Britain, and which amounts to about \$135,000,000 annually. The combined commitments of the Government and the people are, therefore, abnormal and substantial by reason of the conditions I have outlined.

Relatively, our position during the whole of the last fiscal year was less onerous than it is at present. In the early part of 1917 Great Britain was able to pay for some of her purchases, and, in addition, Canada was permitted to borrow money from the United States to the extent of \$185,000,000, which assisted in reducing our adverse balance with that country. In 1918, as

far as one knows at present, we are prohibited from selling securities of any kind in the United States, and to that extent we are at a disadvantage this year in the settlement of our American purchases, and, of course, Great Britain is unable to pay directly for any portion of her Canadian purchases.

The experience of all nations during the war teaches us that all problems change as we approach them. We may yet, during the present year, be permitted to sell in a restricted way securities in the United States. The United States may buy more from us during this year, on account of war and other purposes, than she did last year. I believe she will. We may, during the year, and should, as a people, buy less of the United States of non-essential articles. Great Britain may arrange with us to pay in pounds sterling for what merchandise our people buy from her, and what Canadians owe her people for interest; the Government col-

lecting here under suitable arrangements the interest and merchandise accounts due the people of Great Britain by our people, and with the proceeds buying additional Canadian products and shipping them overseas. At any rate, there, in rough outline, is the problem of the Canadian people today in carrying on our part of the war, and in part our trade and commerce, and making possible the productions and activities of the manufacturer, farmer, fisherman and lumberman; and such, in part, is the method employed in bringing about that end.

With these facts before the House, it might be interesting to consider what, directly and indirectly, are the commitments of the Government for this year. Approximately we must provide:

For Civil Budget	\$230,000,000	
For War Expenditure	425,000,000	
For advances to the Imperial Government for financing in part our export trade with Great Britain.....	325,000,000	
In all	\$980,000,000	\$980,000,000
To discharge this there will be:		
Revenue	\$270,000,000	
Advances by Great Britain to pay for maintenance of Canadian troops overseas, about.....	300,000,000	
Unexpended balance of Victory Loan as of March 31, 1918....	130,000,000	
	\$700,000,000	\$700,000,000
leaving a probable balance for 1918-19 of.....		\$280,000,000

to be provided from loans in Canada or elsewhere if possible. This is not inclusive of our commitments for expenditure on account of the purchase of railway equipment and Canadian Northern Railway maturities. The latter we hope to extend upon small payments of principal under powers which we are asking of Parliament this year, and the railway equipment, it is expected, will be financed largely by the issue and sale of equipment securities.

If we are to continue our part in the war, and maintain our overseas trade at its present dimensions, the people of Canada must loan to the Government the money to accomplish that end. That is, they must, year after year, purchase Victory Bonds. There is no other way of accomplishing it. It cannot be obtained elsewhere. We must rely on our

own capital and labor, so far as one can see, to carry on our present war and trade programme. I cannot too strongly state the imperative necessity of the Government borrowing from our own people, and the imperative duty of our own people to loan to the Government. No person can too strongly impress this view upon our country. This obligation rests upon all classes and upon every citizen. To enable our people to do this, it is necessary that they continue to produce wealth. The production of wealth means an excess of production above our own wants. We must continue to produce, and if possible in greater quantities, by a more effective mobilization and utilization of our man and woman power, notwithstanding the fresh requirements of our

army for man-power, and the many other difficulties confronting us. And we must economize in every way. Primarily, saving is not a question of money. It is rather a question of saving the things that money will buy. The less we consume of that which we produce the greater the surplus we shall have to sell abroad. The more we save of our productions and of our services the better able shall we be to meet our increasing taxation, and the greater the power of our people to purchase Government bonds. Of our imports from the United States, there is a great volume of non-essential commodities and luxuries. If we all ceased to buy of these, our adverse trade balance with the United States would be partially redressed, the cost of remittances for our essential imports from

clothing, shoes, furniture and other manufactured articles hitherto imported, but now made by native artisans. Curtailed importation for several years has caused the alert business man to endeavor to supply demands by home production. In Chile the same tendency is noticeable, and one of the newest industries is an iron foundry which is utilizing for the present all odds and ends of iron and steel that can be gathered about the country. This factory is making structural iron, railroad cars, bolts, nuts, and various other articles. In Argentina the factory that has long made wagons, windmills, carts, hand cars, harrows and plows, and other farm implements has been compelled to increase its output because importation of such things is doubly expensive and ships are scarce.

Briefly, South American countries have learned to manufacture many more things than in normal times; but as a rule and compared with manufacturing on a scale commensurate with the gigantic establishments of Europe or the United States, there is no competition. South America will continue to make only the crude, the less complicated machinery and the coarser goods, until coal and oil are produced more abundantly in the Southern Continent. So far Chile is the only republic that mines coal on a large scale, but the total output of her mines fails to supply home demands. Peru and Argentina at present are really the only petroleum-producing countries of the continent; the former has little for sale, while the latter can not half supply domestic needs. Therefore, the manufacturer of the United States has no cause for fearing that South America will not need his goods, provided they meet the popular demand of growing young nations. Generations must pass and possibly not even then will the South Americans have the prime necessity for manufacture—cheap fuel. Streams have been and will undoubtedly be further harnessed, and electricity may run the factory in the future, but the scarcity of population—of electricity consumers—

argues a distant day for its full development in smaller communities.

UNIVERSITY OF THE ADJUSTMENT OF TARIFFS

Among the many letters received at Washington from American firms interested in the South American markets, a large percentage ask questions relative to the "tariffs of South American countries," evidently not realizing that each particular republic regulates its own revenues, the latter being derived largely from taxes on exports and imports, the rates varying as greatly as do commodities. The withdrawal of ships and restricted commerce for several years have seriously curtailed public revenues and from time to time tariff rates have been undergoing changes. After the close of the war no doubt the several nations will find it necessary to revise still more radically their rates on exports and imports.

Taxes on commercial travellers visiting South American nations have long handicapped these trade representatives, for be it remembered that each of the ten nations is divided into numerous states and territories; and usually there is a national, a state, and frequently a municipal tax on travelling salesmen. This tax becomes a burden and often a prohibition where the salesman wishes to cover several countries. I recall the case of an American whom I met some months ago in Argentina. He went there as the representative of five companies manufacturing non-competing lines of clothing; he proposed to travel over the whole of Argentina, being versed in the Spanish language and possessing other qualifications for the work. Upon reaching Buenos Aires he learned to his dismay that foreign salesmen are compelled to pay a license in each province and in many municipalities, or total license fees of something like \$8,000. Such a large sum for the single privilege of doing business was, of course, not to be considered, and the salesman wisely settled in Buenos Aires, paid the license fees for that city and province, and proceeded to offer his goods to the local dealer. I cite this

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case to illustrate the fact that the salesman's licenses have been excessive in most all South American nations; but relief is now in sight and the recommendations of the Joint High Commission, which met two years ago in the Argentine capital, with delegates from various countries, is gradually making such licenses more uniform and less prohibitive. Much, however, remains to be accomplished. Trade-mark registration all over South America is now undergoing changes and ere long the two general offices in Havana and Rio de Janeiro, respectively, will handle this class of business for the twenty countries of Latin America.

AMERICAN BANKS

Probably no single move is fraught with more important business possibilities than the establishment of branches of North American banks in leading South American cities. In recent years these financial institutions have been appearing at the rate of about five banks a year, and, as every international business man knows, they may be said to cover the continent fairly well at the present time. It has been my privilege to visit practically all of these establishments and to transact at least a small amount of business with several of them. Those who have used the foreign banks in the past and who now have the facilities of the home institutions find it hard to realize how the North American accomplished as much as he did in former years, when his every financial move was as an open book so far as his European competitors were concerned.

Without prying into any secrets of the branch banks as to their losses or gains, it is certainly pleasing to note how well they appear to be established, considering the short time they have existed and of their apparent popularity as judged by the daily flow of customers. In each city where the North American banks have been established, however, there are some disgruntled citizens who failed to find in them the liberality anticipated. Every class of

business men besieged the new banks, seeking loans and offering "propositions," many of which did not appeal to the managers; hence, there are those who have no good word for the institutions and the manner in which they are conducted.

These banks, however, will gradually introduce worthy propositions to the financial interests of the United States. Where European capital has been withdrawn and concessions are ready to lapse or can be bought for a fraction of original costs, the American banks will be among the first to weigh the merits of the case; the new commercial attaches of the banks are scouting for these opportunities as they travel their respective districts; while the lending of money on vast herds of live stock, as was done in Brazil a short time ago, foreshadows a line promising to banking and gratifying to stockmen.

CLOSER CO-OPERATION

Federal and state coöperation with foreign capital all over South America is promised, I feel quite assured, more serious consideration after the close of the war than has been given in past years. As one visits foreign enterprises here and there over the continent he is frequently confronted with stories of oppression that appear to pass unheeded by those in governmental authority. Such facts have been related to me by proprietors of small establishments as well as by managers of great industrial enterprises. As an illustration of the former, I have in mind a certain North American who had a capital of \$20,000. In a South American city he opened a motion picture theatre after remodeling an old building at considerable cost; he also established a restaurant on extremely modern lines; both enterprises prospered, and state and municipal taxes paid by this proprietor were only an incidental feature of expenses, not too oppressive to justify permanent enterprises. But ere long the prosperity of this foreigner became the object of envy; he was succeeding too well, and local politicians were importuned by

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000

certain rival concerns to check him. The politicians claimed that this foreigner was not paying the state a sufficient tax, and soon another one was imposed; double taxes then became a burden too heavy to carry and failure was the final result. Another case I have in mind concerns a North American corporation that has placed millions of dollars in a South American enterprise. Unfortunately for the corporation as well as for the government under whose laws it operates, certain supplies arrived on the border of the country under the wrong customs classification. The shippers made the mistake, unintentionally, of course, which is considered a serious offense in the country to which I refer. A fine amounting to more than \$5,000 was placed against the corporation receiving the supplies. Protests and a recourse to law were unavailing, and finally the company was compelled to pay the fine. Such an amount is a paltry sum to the corporation possessing unlimited millions, but the principle sinks deep into the minds of capitalists who build these vast enterprises. Is it not questionable whether the collection of the fine was not of less value than the example of non-coöperation with capital?

In the end, this case may be of inestimable value; it reached the ears of officials higher up in the country's serv-

ice, who strongly condemn such practices; it may form the basis upon which some worthy national legislator will raise his voice and call for reform—for a more liberal policy toward the foreign company that places its millions within the bounds of his nation.

Before the present conflict caused the withdrawal of considerable European capital from South America the effects of the Balkan war were noticeable in various parts of the southern continent. The progressive southerner knows that as European capital continues to be withdrawn, as seems probable, for the rebuilding of the devastated nations of the Old World, it may be years before the South American nations can reasonably expect the liberal flow of foreign money as has been customary in past years. They naturally turn to the United States with an appealing call and also with a better understanding. I am convinced that never before have the majority of leaders of thought and action in South America felt more confidence in the United States. The words and acts of President Wilson have been to them a revelation, and the energies of our nation in preparing and answering the call for aid in freeing the world from oppression have surprised South Americans as they have our own people. Said a leading South American editor to me a

short time ago: "I feel that the few years of the great war have brought the South American and the North Ameri-

can into a better acquaintanceship than was developed during centuries of peace."

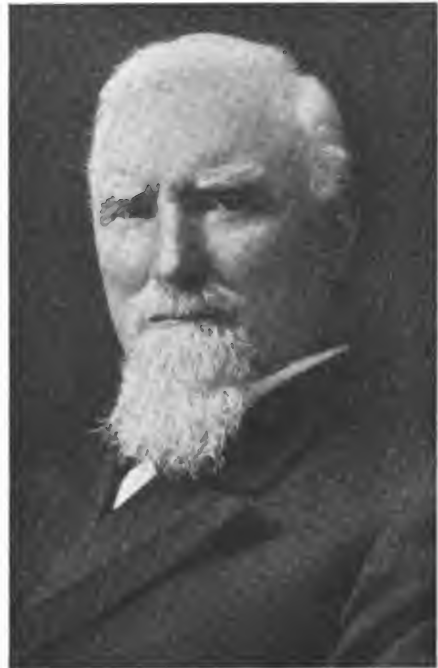
After the War—What?

By CAPTAIN ROBERT DOLLAR

In shipping and business circles generally throughout the United States few names are better known than that of Robert Dollar, a born trader, and a man whose practical knowledge of ocean transportation entitles his opinions on that subject to the greatest weight.

EVERY American citizen is interested in this vital question, but no class of men in the United States are more interested in the answer to this question than the bankers. It is impossible for any man to fully foresee exactly what is going to happen. But we are going to be confronted with conditions that we can see coming with the close of the war.

The first is the great multitude of men working in munition factories and shipyards that will be thrown out of employment the day peace is declared. Employment must be provided for them as well as for our returning soldiers and sailors. This can be done by turning many of the munition factories into the production of articles of commerce. This will take some time and during that time we will go through a crucial experience with the unemployed. Now the question arises, Where will those factories sell their products? Not locally or in domestic trade, as at the present time our factories are producing all that the domestic trade requires and there will be practically no extra demand from that source on the declaration of peace. Therefore there is only one answer, namely, foreign trade. This brings up the pertinent question, What are the merchants of the United States doing to retain what trade we



CAPTAIN ROBERT DOLLAR

have and to increase and develop our trade after the war? The answer to this is, practically nothing. And outside of the war itself there is no question of such supreme importance as this before the business men of our country

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Correspondence Invited

to-day, and I regret to write that very little attention has been given to it as yet. What should be done? may be asked. I would suggest first that our manufacturers, merchants, bankers, and shipowners wake up. No excuse to say we are all busy now working for the war and making money.

A committee composed of the biggest and best men of all the various interests should visit every country that is likely to buy or sell to us. Writing letters and sending cables are all very good, but the personality of men making such a visit is the way to get permanent business. We have a wrong impression in this country that any one is able to deal with foreigners. If we are to succeed we must send the very best men we have. Every nation that does much foreign trade has already made preparations. Great Britain alone has thirty-seven different organizations working and planning for the future. Germany, we are told, has all the plans perfected. Suffice to say that the

United States alone of all the great nations has not even considered this all-important subject. This is not a matter for our Government or Congress to carry out. It is time for the business men of this country to be up and doing. It is your business and mine to do what we can, as when the war is over we will have a big merchant marine for the foreign trade close up to that of Great Britain. How are we going to furnish cargoes for this immense fleet if we do not bestir ourselves now to get our organizations perfected in all foreign countries? Our competitors already have those organizations in every large seaport of the world.

Before the war all our business with foreign countries was done in sterling exchange. Are we going to have American banks so we can close our transactions in dollar exchange? It is true that our banks have had no time yet to establish branches, as it is only recently that Congress saw fit to permit national banks to establish agencies in foreign

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Paid-up Capital	. . .	3,125,000
Reserve Capital	. . .	3,125,000
Subscribed Capital	. . .	6,250,000
Reserves	. . .	2,055,515
Surplus over Liabilities	. . .	8,305,515

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countries. The Webb bill of more recent date permits us to engage in foreign trade on an equality with our competitors, so we may now hope for a new era, and that if Congress won't help us, at least it will cease to obstruct our progress in the development of a share of foreign trade that we as a nation of over 100 million population are justly entitled to.

SHIPPING LAWS AND REGULATIONS

The merchant marine will be one of the most important factors in our future development. No commercial traveler can excel the shipowner as a drummer for trade.

Ships to be successful must have cargoes both ways; in fact, the most successful commerce is a fair exchange of commodities.

But as our laws and regulations stand to-day, when normal conditions prevail after the war, it will be just as impos-

sible for Americans to operate their ships as it was before the war, when we got down to 800,000 tons of shipping in the foreign trade. Some foreign private companies had more tonnage than was flying our flag in foreign trade, and up to the present nothing has been done to relieve the shipowners of the disabilities which make it a financial impossibility for Americans to compete with foreign operated ships. As a result the Pacific Ocean is controlled by the Japanese. In some quarters there is talk of the American Government retaining the control and management of all American ships in the foreign trade. If this is done it will effectively destroy the initiative of Americans to develop foreign trade.

I think the American people will never agree to destroy the energy and get up of our individual citizens. It is easy for the Government to operate railroads in our own country where they have the power to raise the rate to any

extent they see fit, but it is an entirely different proposition when they would have to come in direct competition with the ships of every nation and every one of them pulling for their own country. So far as the American shipowner is

concerned, all he asks is to be put on an exact equality with all the ships of every nation of the world and he will do the rest, by giving the American nation a merchant marine worthy of our name.

World Co-operation

By JOHN J. ARNOLD, Vice-President First National Bank of Chicago

AMONG the names of recognized authorities in matters relating to foreign exchange and international banking is found that of John J. Arnold, vice-president of the First National Bank of the foreign exchange department of that institution. Mr. Arnold was born in Canada, December 29, 1870, and received his education in the country school of Wallace Township, Ontario, and at Central College, Stratford, Ontario. In addition to this he studied law for two years at Listowel, Ontario. In June, 1890, he came to Chicago and in the same year joined the clerical staff of the foreign exchange department of the First National Bank as assistant bookkeeper. In the years which followed he held various positions of responsibility in this department, and in January, 1905, was elected to the official staff with the title of assistant manager. Upon the resignation of Mr. Fred I. Kent in January of 1909, he was elected acting manager and the following year was appointed manager.

In recognition of his ability and demonstrated success Mr. Arnold was elected vice-president in January, 1914, continuing his previous title of manager of the foreign exchange department. In June, 1918, Mr. Arnold relinquished the latter title, but retained his connection with the department. The purpose of this move is probably best explained in the statement which Mr. Arnold issued at that time:

"The international situation looms for America in an entirely new light and we realize that foreign commerce will play a much greater part with us than it has in the past. The problems of readjustment in the world of economics and finance are upon us.



JOHN J. ARNOLD
Vice-President First National Bank of Chicago

"The First National Bank of Chicago was a pioneer in the central west in the development of foreign exchange facilities and its

management always aimed to keep abreast of the times.

"We believe that our institution should take an active and prominent part in the solving of these larger questions, and it was with this thought in mind that the reorganization of our foreign department has been decided upon.

"Under the new arrangement I am relieved of practically all executive detail and will be free to devote myself more fully to this character of work in the hope that the First National Bank of Chicago may prove of service to our nation as a whole, as well as to Chicago and the central west.

"In addition to this broader field, we have in mind the development of a foreign trade department by means of which we hope to be of practical assistance to our depositors and correspondents, and, through the latter, to their customers, in the making of connections with importers and exporters located in foreign countries. This will require a constant study of world conditions and should prove of value to American concerns interested in the development of foreign trade."

Mr. Arnold is an ardent student of matters pertaining to foreign exchange and international banking, and his articles on these subjects are eagerly sought by editors of magazines devoted to financial interests.



MILITARY warfare invariably is preceded by a struggle of diplomacy, frequently covering a long period of time. Diplomatic sparring, however, is the result of the clashing of economic forces which include territorial and financial expansion.

It is in these undercurrents and movements that we find the development of national rivalry and jealousy. The rise and fall of the great world powers can as a rule be traced to economic causes.

The strongest and leading nations usually have considered it necessary to protect themselves against their competitors by building up large military organizations of armies for fighting upon the land and navies for sea warfare.

The principle underlying all this development is the fallacy that competition is the life of nations. Gradually the world is coming to a recognition of the fact that coöperation between na-

tions is bound to produce the best results. This is now generally accepted as sound in the business life within nations. The question, however, which arises, and which for us at this time is of greatest importance, is whether such coöperation on the part of nations is possible of realization.

Economists, because of their advocacy of this theory, have been looked upon as idealists.

While the great world war originally was looked upon as an economic struggle, there can be no doubt that to-day we find two mighty forces face to face, because each represents a system entirely antagonistic to the other, and the nations which are fighting to make the world safe for democracy certainly are justified in making the claim that they are bringing this great sacrifice in the defense of an ideal sacred to the human race.

If our claim in this direction is genuine and sound, then it certainly would appear reasonable and logical that the realization of ideals should at least be our aim. The final test of this whole question will be made at the Peace Conference when the readjustment of the great economic forces will come up for consideration.

John A. Hobson, the well known English economist, in his book of "Democracy After the War," has emphasized this point in making the statement that "The enthusiastic adoption by our European statesmen and publicists of President Wilson's famous declaration that the object of the war is to make the world safe for democracy is either a momentous act of spiritual conversion or the last word in camouflage."

We certainly believe President Wilson is sincere, and we hope the European statesmen referred to by Mr. Hobson have experienced the spiritual conversion which he suggests. Even though this be lacking in the European statesmen, there are very strong indications that the rank and file of the people in the allied countries are in thorough accord and in genuine sympathy with America's position.

The reconstruction programme of the British Labor Party recently formulated certainly is a strong endorsement of the principle of coöperation.

The Christian nations now engaged in this war must eventually come to the acceptance and application of the fundamental teachings of the founder of the Christian religion in their relations one with the other, or we will have to experience the humiliation of witnessing the destruction of our faith in the Prince of Peace, which, to my mind, is inconceivable. St. Paul has epitomized His teachings in the admonition, "Bear ye one and others' burdens and thus fulfill the law of Christ."

This in a word is coöperation, and does not mean that the larger nations are merely to serve their weaker neighbors, but that the smaller powers must be given an opportunity to participate and coöperate in international movements.

It requires no argument to convince thinking people that it is better to have prosperous neighbors than to live in a community of paupers. Our present position amply illustrates this truth when applied to nations. Our neighbor to the north, Canada, through her prosperity has proven to be one of our very best customers and has added to our own development, while Mexico, to the south, through her distress, has proven quite the opposite. It would appear logical to conclude that both Canada and the United States will profit by Mexico's development and prosperity. When this truth is recognized and accepted by nations, as it now is by individuals, much of that which has caused friction in the past will be eliminated.

The proposed League of Nations is an indication that the trend of thought the world over is in this direction.

Political coöperation alone will not stand the test of time. If the same, however, is accompanied by economic readjustments on a coöperative basis, there is a strong likelihood that the structure will endure.

A WORLD BANKING ORGANIZATION

How this is to be accomplished is the question of the moment. Various answers have been made, but all thus far have assumed only the form of suggestions. The one to which the greatest prominence has been given is the organization of an international or world banking organization patterned after our Federal Reserve System.

While we have twelve regional institutions, each one serving a certain section of our country direct, all coöperate and function through our Federal Reserve Board for the good of the nation as a whole.

Without this coördination of our banking power, we would have experienced panic and financial chaos during the last few years with disastrous results, not only to us, but to the entire world. In fact, we could not have furnished the required financial support for the winning of the war, and the result would have been victory on the part of the Central Powers.

Since the Federal Reserve organization has proven of such great service to the Entente Allies and to many of the neutral countries, in time of war, it is considered by some of our students of economics that a similar system internationalized and made worldwide would be able to serve the world during the period of reconstruction and in time of peace.

Beverly D. Harris, vice-president of the National City Bank of New York, who is one of the advocates of this thought, says:

Such an organization, to be effective, should be constituted exclusively of the Government banks, controlling the banking, credit and gold operations of the respective countries.

Any organization of independent or auxiliary institutions, or of anything short of the main governing control bank, would not meet the situation.

The governing board should be made up of the strongest and most capable bankers and economists throughout the world. This body should supervise and coördinate national credits, which would include, at least, to some extent,

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the control of the movement of commodities between nations.

The expansion, extension and inflation of credits the world over have assumed such proportions that the supply of gold is quite inadequate to serve as a reserve basis, as was the custom prior to the war. Consequently, international settlements will have to be made by the control of commodities or the placing of securities.

A. A. Boublikoff, former member of the Russian Duma, in advocating this system makes these suggestions:

An analysis of the financial situation, after the war, of those countries which have either already succumbed or are approaching a complete financial and economic collapse, brings to the foreground, with great emphasis, the following two assumptions:

(1) That the rehabilitation of the monetary systems of such countries is not a purely internal matter, but, on the contrary, a problem of the greatest international importance and interest.

(2) That the regulation of the national balances of such countries cannot be accomplished from within themselves, but requires international intervention and as-

sistance; therefore, it is of immediate importance to work out methods and make provisions for this international action.

If Mr. Boublikoff's conclusions are correct, then it would appear that such an undertaking should be encouraged by us for our own protection.

In reviewing our own national life, we can but come to the conclusion that it would have been much better for the North, as well as for the South, had we found it advisable and possible after the Civil War to have aided the Southern States in their rehabilitation instead of having permitted repudiation to take place.

Mr. Harris further suggests that—

The principal object to be accomplished would be to secure the coöperation of the stronger or creditor countries in putting the credit of other countries on a firm foundation, both by a fair redistribution of gold and by rediscounting operations in high-grade commercial bills, guaranteed by the respective Government banks of those countries, with a view both to stabilizing international exchanges and extending immediate help to the prompt restoration of indus-



FOREIGN BUSINESS DEVELOPMENT



The serious strain will come during the period of reconstruction at the close of the War; then the situation will furnish the supreme test of wisdom and experience. The FOREIGN TRADE DEPARTMENT of this Bank is giving unusual consideration to and making comprehensive plans for the expected developments. SHAWMUT SERVICE is a recognized factor of primary importance in the banking world. This Service is at the disposal of correspondents to facilitate transactions emanating from any source in the country. Direct connection with England, Continental Europe, South Africa, South America, The Far East and Australia.

THE NATIONAL SHAWMUT BANK OF BOSTON

Capital and Surplus over. \$19,500,000

trial production and commercial business, in which the prosperity of all countries is concerned alike. The credit extended through the Central Bank would be well safeguarded, because guaranteed by the government banks of the world and representing the exchange at market prices of commercial products going into consumption. Close supervision and scrutiny should be exercised by the member banks to limit the application of this machinery to purely commercial transactions and as a temporary means until the restoration of normal conditions, of aiding in the settlement of national trade balances and the regulation of exchanges and stabilizing credit. Wisdom and prudence should govern its functions, guarding against usurping the functions of private banks and upon the theory that each government would lend to the utmost every aid and encouragement to private enterprise and initiative in international business. There should be concerted action in the manner suggested only when necessary to help the general situation in so far as interchanges and relationships through the ordinary channels might be insufficient. The confidence and stabilizing effect which such an organization would create at the outset would be of the greatest moral effect.

In so far as gold will be available for

international settlements, this board, or organization, could serve as a clearing house, and make international settlements by the transferring of ownership rather than by the shipment of the metal itself, and thus avoid unnecessary expense of transportation, insurance, wastage, etc.

Such an undertaking would at least have a tendency to eventually bring about a standardization of currency, weights and measures the world over.

CONSOLIDATION OF WAR DEBTS

Another subject which such an organization should consider, and if found practicable, put in force, is the consolidation of the war debts of the several nations engaged in this struggle. The accomplishment of this with proper distribution of taxes would serve immediately to stabilize credit throughout the world.

If international coöperation in finance can be secured, there would seem to be no reason why the same

could not be accomplished in other directions, such as transportation and communication service.

The banking institutions of the respective countries would naturally serve their own nations first, similar to the manner in which our regional banks now serve their respective districts or sections, but all would function through the governing board for the good of the

whole world. In other words, national interests would not be eliminated, but would become internationally coördinated.

The internationalization of the various postal systems has demonstrated at least that coördination between nations is both possible and practicable, and gives us hope that coöperation in other directions may be achieved.

Economic Conditions in the Argentine Republic

By CARLOS A. TORNQUIST

THE economic situation of our country continues to be favorably influenced by the war.

The out-turn of the 1917-18 cereal crops has been good and prices of wheat, oats and maize remain fairly satisfactory; those of linseed are very high.

Owing to greater arrivals of ocean vessels wheat exports have rapidly increased, and it is interesting to note that already by August 19 the Royal Commission on Wheat Supplies had exported 2,500,000 cereals tons which in terms of the grain convention entered into between Argentina and Great Britain and France had to leave this country before November 1, 1918.

On the other hand exports of maize are disappointing on account of the fact that arriving tonnage is preferentially employed for wheat loading.

As a consequence maize, together with bran, is now used on a large scale as fuel and the consumption as such is further stimulated by the recent diffi-



CARLOS A. TORNQUIST

culty connected with the transport of wood from the interior of our country.

Cattle, meat and wool continue to fetch remunerative prices, although those of wool have declined from twenty to thirty per cent. since early this year owing to reduced demand.

More than seventy per cent. of the wool exported during the present wool season (beginning October 1, 1917) has been taken by the United States.

Since the greater part of our meat export is intended for the Allied armies fighting in France, it is but natural to find that exports of frozen beef, and particularly those of preserved meat, are increasing, whilst shipments of chilled beef have practically ceased and those of frozen mutton show an appreciable reduction.

Export figures of butter, cheese and margarine denote a satisfactory progress.

The last wine crop has been an exceedingly good one.

As arrivals of foreign coal remain small and the production of Argentine petroleum is still limited, the native hard woods are the main fuel at present.

On account of the prosperity enjoyed by our cattle and agricultural industries there are increased transactions in productive real estate at advancing prices.

Our import trade continues to be greatly affected by the difficulties existing in producing countries for the output of goods intended for export and by the scarcity of tonnage. There is a very marked falling off in imports of all articles of a reproductive character and of luxuries. The volume of business is much smaller and the cost of foreign goods is greatly enhanced, but on the other hand profits are generally higher.

Owing to the existing trading difficulties the majority of the existing home industries are making large strides in spite of all disadvantages sustained by the higher cost of raw materials, fabrics, fuel and by higher wages. Not only have certain articles been replaced by home products, but some of them are now even being exported from our country. Among the articles that have

particularly taken advantage of war conditions may be mentioned the following: Tissues of pure and mixed wool, stockings, footwear, harness, saddlery, hats, buttons, perfumery, jewelry, toys, enamelled goods, glassware, electrical appliances, soap, candles, vegetable oils, salt, chemical products, fire bricks, furniture, casks, chocolate, sweets and beverages.

New developments in the manufacturing lines have been few owing to the difficulties in securing the necessary machinery and technical staffs from abroad. For these reasons the majority of ventures started in the textile, paper, chemical products and other lines do not appear to have passed the experimental stage as yet.

The receipts of our railways are steadily improving on account of higher tariffs, but a good deal of the increase is being absorbed by higher working expenses caused by the excessive cost of fuel and materials and by higher wages.

Money has been very easy for some time past and the deposits in the Buenos Aires city banks have reached unprecedented figures. Time loans now command only $4\frac{1}{2}$ per cent. to six per cent., according to signature as against seven per cent. to eight per cent. in normal years. The plethora of money has created a keen demand for bonds of the Argentine Government and those of the National Mortgage Bank, the latter of which are now quoted well above par. In addition there have been large transactions in shares of several manufacturing companies, particularly of those that have been benefited by war conditions.

This state of affairs also explains the relative ease with which the credit arrangement of 200,000,000 gold pesos with the British and French Governments has been carried out.

Whilst thus our economic situation in general is satisfactory, some unfavorable features are not wanting. Among these may be mentioned the high cost of living, which has created a great deal of dissatisfaction and unrest in the laboring classes and given rise to numerous strikes in nearly all branches of industry.

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Foreign Exchange bought and sold, bills collected, deposit and current accounts opened and all kinds of banking business transacted.

The scarcity of fuel and its high cost are a further source of constant trouble to our manufacturers.

On account of unfavorable climatic conditions our sugar crop is a partial failure. The Government has authorized the importation free of duty of 125,000 refined and 75,000 tons unrefined sugar, and although our real requirements will probably not reach 100,000 tons in all, this will mean an important item on the debit side of our trade balance.

The lack of a mercantile fleet is acutely felt, and it is regrettable that our owners, tempted by the extraordinary prices now ruling for floating material, should have sold abroad the greater and most valuable part of what little was left of our merchant marine. Although our Government has taken action in the matter and made some addition to their fleet of transport steamers, they can, owing to present circumstances, not do much to alleviate the actual freight situation, and vigorous

measures with a view to forming a mercantile fleet of our own must be postponed until after peace has been restored.

However, the most serious problem that requires a rapid solution is the settling of our Government finances and the consolidation of the floating debt.

Although the present Government has always conformed to a plan of strict economy, they have been unable so far to provide for the administrative expenditure. Taxation of exports became effective only early this year, and while custom house receipts have risen since its inauguration, the increase has been far from being sufficient to make up for the alarming shrinkage in import duties and internal taxes brought about by war conditions.

External short term loans to the extent of 140,000,000 paper pesos outstanding at the beginning of the present Administration and budget deficits together with arrears from years prior to 1917 have been covered by home credit

operations, but considering that the floating debt has now reached nearly 600,000,000 paper pesos, it does not seem expedient to resort to any further short borrowings on this side. No doubt the methods of taxation are deficient, and as it is the earnest desire of the Government to put the national finances on a proper footing, they have in the budget estimates for 1919, recently submitted to Congress, apart from increases in import tariffs and export duties, proposed the institution of an income tax, which means a new departure in Argentine finances. It is be-

yond doubt that the necessary revenue can be found in order to balance with expenditure if the taxing power of the country be tested in the right way.

A more difficult task will be the consolidation of the floating debt. It is said that the Government intends to issue an internal loan of 600,000,000 paper pesos, but nothing has been resolved on as yet. As the Argentine capitalist in general is accustomed to invest in land, houses and cattle, it will be necessary to offer very liberal terms in order to make the loan attractive for the public.

Banking in Switzerland

[Contributed by Swiss Banking Corporation]

SWITZERLAND, the oldest existing democracy of the world, resembles the United States in many ways in her constitution as a federative republic. As the political system of a country always reflects upon its economic life, it is not astonishing to find that Swiss banking bears in its organization and development many resemblances to the American system. The relations between the two countries can be traced back to the days of the American war of independence. The intercourse was at the beginning not so much of a commercial but far more of an intellectual nature, based on the community of political and democratic ideas. Thus, in the remodelling of the political

organization of Switzerland in 1848, the American constitution served as an example. In Switzerland, as in the United States, the Legislative Assembly is divided into two houses: The Conseil d'Etat, which is the equivalent of the Senate, and is composed of two representatives of each independent state, whilst the Deputies of the Conseil National are elected, as for the House of Representatives, by the individual states in proportion to their population. Commercial relations between the two countries, which developed during the second part of the nineteenth century, have received a great impetus through the present war, as is set forth in the table herewith. For 1916, the goods received

	Export from Switzerland to the U. S. (In million frs.)	Import from the U. S. to Switzerland (In million frs.)	Total import into Switzer- land (In million frs.)
1913	136,4	117,9	1919,3
1914	121,9	107,8	1478,4
1915	107,2	324,4	1680,0
1916	132,6	564,8	2378,5

Canadian-American Trade

The community of action and interest between the United States and Canada has brought about a striking development in the trade relations of the two countries. The extent and the growth of commerce during a five-year period may be fully appreciated by the following comparative figures:

(for the U. S. fiscal years ending June 30th)

	U. S. Exports to Canada.	U. S. Imports from Canada.	Total-Canadian- American Trade.
1914.....	\$344,700,000	\$160,700,000	\$505,400,000
1915.....	300,700,000	159,500,000	460,200,000
1916.....	468,800,000	204,000,000	672,800,000
1917.....	787,500,000	300,700,000	1,088,200,000
1918.....	778,500,000	434,200,000	1,212,700,000

With 300 branches in Canada and 2 in London, this Bank offers every facility to American exporters and others for transactions in Canadian and Foreign Exchange.

Union Bank of Canada

Head Office, Winnipeg

New York Agency
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents
F. T. Short }

by Switzerland from the United States represent about one-fourth of the total imports into Switzerland.

THE SWISS BANKING SYSTEM

Switzerland is covered by a very close network of banks of various character, thus affording ample facilities for everybody's needs and ideas. There are trade banks able to cope with every requirement of trade and commerce; mortgage banks provide for the needs of agriculture and building trade; savings banks for the interest of the working classes, whilst trust banks help with the distribution of securities. In fact, the number of banking institutions is considered somewhat too large and a certain amount of concentration is advocated. The great number of banks and the diversity of their character is no doubt, together with a deep-rooted sense of independence which characterizes the Swiss population, the most important factor which prevented foreign

banks from establishing themselves in Switzerland. An exception may perhaps be made for Geneva, where several of the leading foreign banks have been established for many years.

In 1883 the number of banks in Switzerland was estimated at 290 with a share capital and reserves aggregating 438 million francs, whilst in 1901 the number of banks amounted to 200. They had an aggregate capital of 634 million francs, and 131 million reserves. These statistics only comprise the banks which regularly published their balance sheet. The Swiss Registre de Commerce recorded for that year 726 concerns registered as conducting a banking business. These firms had among themselves 116 branches and agencies. The development since that time is best shown by statistics compiled by the Swiss National Bank, which gain only comprises banks publishing annual balance sheets. The Swiss National Bank and the Caisse de Prêts—the latter a war organization destined to make ad-

vances to trade and industry and bears some resemblance to the War Trade Corporation in the United States—are likewise not included:

throughout the country. In order that the National Bank should not compete with other banks its sphere of action is restricted in the main to the issue of

	No. of Bks.	Capital	Reserves	Deposits	Acceptances	Tot. Bal. Sheet
				in thousand francs		
1906	331	855,116	226,813	5,147,644	316,551	6,854,873
1910	339	1,100,416	300,018	6,561,159	406,806	8,759,975
1913	306	1,321,096	352,661	7,683,953	414,841	10,294,668
1914	319	1,362,545	357,515	7,857,791	298,631	10,326,713
1915	318	1,373,620	363,570	8,311,385	317,042	10,813,697
1916	318	1,399,565	376,725	9,042,603	296,617	10,567,372

THE SWISS NATIONAL BANK

As in the United States the establishment of a central bank with the object of regulating the circulation of currency throughout the country took place but recently. The Swiss National Bank began its operations at the end of 1907, but during its short period of activity it has amply justified its existence and has rendered invaluable services to Switzerland, especially during the present war, which was a real test of its efficiency.

The Swiss National Bank is organized as a joint-stock company. It has an authorized capital of fifty million francs, of which, however, only fifty per cent. is paid up. Originally two-fifths of the shares, which are of 500 francs nominal, were to be subscribed by the cantons, one-fifth by the old banks of issue and two-fifths by the public. Only Swiss citizens or corporations domiciled in Switzerland can be registered as shareholders.

The principal object of the Swiss National Bank is to regulate the money market and to facilitate payments and transfers of money. It is really the banker of the other Swiss banking institutions and has few direct connections with trade and industry. This is perhaps not so very advantageous for the National Bank because private clients are, as experience shows, always more to be depended upon than banks. For the community as a whole it is of distinct advantage, as the bank, having no special interests to protect, can devote its whole activity to the maintenance of sound monetary conditions

notes, the discounting of bills which have a currency of not more than three months and must bear at least two signatures, the purchase and sale of foreign bills and checks. The notes must be covered as to forty per cent. by specie or gold and as to the remaining sixty per cent. by trade and bank bills acquired at home or abroad. The bank is also obliged to hold a reserve sufficient to cover all its engagements maturing within the ensuing ten days.

Of the profits ten per cent. go to the reserves and then a dividend of not more than four per cent.* must be distributed on the paid up capital. Out of the remainder certain fixed amounts are paid to the Cantons and the surplus is distributed as to one-third to the Confederation and as to the remaining two-thirds to the Cantons.

The actual condition of the Swiss National Bank may be gathered from the accompanying statement, which was issued on September 23, 1918. These bulletins are published at regular intervals on the 7th, 15th, 23rd and the last day of every month:

It may be of interest to record that the last normal statement published before the war, i.e., that of July 23, 1914, showed a holding of 180 millions in gold and nearly nineteen in silver and a total note circulation of 268 million francs.

*It is actually proposed to alter the law regarding the National Bank. Thus the maximum dividend payable to shareholders will be raised to five and one-half per cent. and it will be permissible to include credits in foreign countries which are immediately available in the sixty per cent. cover which is to be constituted of commercial bills.

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.



BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

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D. GARCIA, Cashier

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(\$0.50 = 1 peso)

Authorized Capital	(pesos)	10,000,000.00
Capital fully paid-up		4,500,000.00
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London: Nat'l Bank of Scotland, Ltd.
 Spain: Banco Hispano Americano
 Hongkong: Netherland India Com'l Bank
 San Francisco: Wells Fargo Nevada Nat'l Bank
 New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte
 Australia: Bank of New South Wales
 Shanghai: Yokohama Specie Bank, Ltd.
 Chicago: Continental & Commercial Nat'l Bank
 Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

THE CANTONAL BANKS

Before the establishment of the National Bank the care for the monetary circulation, and specially the issue of bank notes within the country, was left to forty-two individual banks. They

were, however, under special supervision of the Federal authorities. The largest contingent was furnished by the Cantonal Banks which are the state banks of the cantons and as such represent a special feature of Swiss banking organization. They number actual-

CREDIT

Metal.	Francs	Francs		Changes since last statement Francs
Gold	382,676,982.99			
Silver	52,610,170.00	435,287,152.99	+	1,064,088.55
Notes of the Caisse de Prêts		19,303,950.00	+	831,125.00
Bills		367,636,949.07	+	14,433,267.17
Correspondent abroad		48,022,930.70	—	1,381,125.00
Loans on Securities		30,712,632.72	—	194,194.55
Investments		9,786,245.70		
Other assets		43,730,720.75	—	6,927,653.74
Total		954,480,581.93		

DEBIT

Capital and reserves	28,440,858.48		
Note circulation	763,243,860.00	+	9,183,550.00
Deposits and current accounts	134,018,076.51	—	4,144,603.27
Other debts	28,777,786.94	+	2,786,560.70
Total	954,480,581.93		

ly twenty-three, and for the most they are the direct property of their respective cantons. In some cases too they are established according to the joint-stock system, the cantons holding the majority of the share capital. As a rule the cantonal banks devote a considerable part of their activity to the mortgage business, except in cases when it was found more expedient to form special mortgage institutions to deal with the financial requirements of the farmers. As state institutions the cantonal banks stand everywhere in great esteem, but their radius of activity does not extend over the boarder of the canton. In order to be able to undertake certain operations on a large scale they have therefore coöperated among themselves to form the Union des Banques Cantonales Suisses. With an aggregate total of capital and reserves amounting on June 30 last to 397 millions, they held 2,930 millions of deposits.

COMMERCIAL BANKS

The next powerful group is represented by the commercial banks. Like the cantonal banks they have formed an association for the taking over and issuing of Government loans or those of the great industrial and commercial concerns. The commercial banks are the bankers of the Swiss industries and are concerned with all the transactions involved with the production and distribution of goods and with the import and export trade. The table herewith, comparing the capital and reserve of these institutions for 1911 and 1917, shows the progress they have achieved during the last six years:

These banks were formed during the second part of the last century and grew gradually, through successive increases of capital, absorptions of and amalgamations with other institutions, to their present importance. The only exception is Leu & Co., which is the oldest bank in Switzerland, having been created in April, 1755, by the Government of the then Republic of Zurich. This bank took the name of its first president.

Although practically all the foreign trade of Switzerland goes through the channel of the commercial banks, none of them have agencies abroad except the Swiss Bank Corporation, which has a very important branch in London. This corporation, while having a large share of the local banking, devotes considerable activity to transactions of an international character. It has widespread American connections and among its numerous correspondents in New York are to be found some of the most important American banks. Throughout the war it has been the foremost endeavor of Switzerland to alleviate as much as possible the sufferings brought about by war. Animated by this spirit, the Swiss Bank Corporation has, from the beginning, placed its service unreservedly at the disposal of the public for the transfer of money to prisoners of war and for enquiries as to the whereabouts of missing officers and men. It may also be recorded here that the corporation greatly facilitated the return of American visitors stranded in Switzerland at the beginning of the war.

The commercial banks, being closely connected with trade and industry, have

Name of Bank.	Capital		Reserves In thousand francs		Total	
	1917	1911	1917	1911	1917	1911
Swiss Bank Corporation.....	82,000	75,000	27,750	24,500	109,750	99,500
Crédit Suisse	75,000	65,000	25,000	20,000	100,000	85,000
Banque Populaire Suisse....	69,651	57,790	17,300	10,300	86,951	68,090
Banque Commerciale de Bâle...	40,000	20,000	19,000	10,500	59,000	30,500
Banque Fédérale S. A.....	45,000	36,000	11,750	7,850	56,750	43,850
Union de Banques Suisses.....	40,000	35,000	11,300	8,200	51,300	41,200
S. A. Leu & Cie.....	36,000	35,000	10,800	7,800	46,800	42,800
Comptoir d'Escompte de Genève	18,740	15,000	11,800	9,100	30,540	24,100
Total.....	406,391	338,790	134,700	98,250	541,091	437,040

been more affected than any other group of banks by the changes, brought by war, in the economic life of the country, and the study of their balance-sheets gives therefore a very accurate idea of the actual monetary and economic conditions of the country. The general turnover fell from 104 billion francs in 1913 to eighty billions in 1915 and rose in the following year to 107 billions and to 109.4 billions in 1917, which is the largest total ever reached in the history of Swiss banking. This rise is not the outcome of greater business activity which on the contrary seems to have been gradually reduced on account of the increasing difficulties experienced by Switzerland in obtaining from outside the necessary raw materials for its industries and foodstuffs for her population. It is due to the constant rise in prices, freights and insurance which necessitates for every operation the transfer of a considerably larger sum of money than before the war.

The banks' deposits have increased since the beginning of the war in an unexpected proportion, as appears from the table herewith, whilst at the same time their acceptances have been reduced by more than fifty per cent., which is due to a more extensive use of cash payments in commercial transactions.

their investment in long-dated securities is impossible and had it not been for treasury bills issued by the Federal Government to finance the requirements of the mobilization and the maintenance of the army and for the three and six months' bonds of the Federal Railways, it would have been impossible for the banks to find an adequate short-dated employment for them. If, therefore, the item of bills receivable in the balance-sheets of the banks shows a considerable increase as compared with pre-war figures its composition has undergone a complete change. The inland trade bills remain at about pre-war level, whilst the acceptances of commercial banks, as has been shown above, have gradually fallen off. The difference is made up of the treasury and railway bills.

Since January, 1915, the official discount rate of the Swiss National Bank has remained unaltered at four and a half per cent. The open market rate, however, fell as low as one and a half per cent. during 1916 and 1917, which indicates how difficult it was for the bank to find suitable employment for cash balances. Since the last months of 1917 the market rates have gradually hardened and actually they are fluctuating round about four per cent. There are several reasons for this stiffening of the money rates. First of all the

	In million francs				
	1913	1914	1915	1916	1917
Total deposits	1,639	1,660	1,923	2,255	2,734
Acceptances	386	214	224	207	190

It is not within the scope of this article to deal with all the factors responsible for the growth of the deposits; it may only be mentioned that the increase represents to a large extent the funds previously employed in commerce and industry which have become idle through the slackening of commercial activity and the realization of stocks of raw material as well as of manufactured articles. As these funds will be required again as soon as peace has been concluded and conditions again become more normal,

cost of the mobilization of the Federal army for the maintenance of the neutrality and the integrity of the country has absorbed a large part of the available resources. This will amount, at the end of 1918, to about 1,100 million francs, and there is at present a law before Parliament providing for the amortization of three-quarters of the whole mobilization debt out of a special levy on capital within the next ten years. Furthermore, large amounts of Swiss securities held abroad have since the beginning of the war found their

way back to their country of origin and had again to be absorbed. Finally, the loans which Switzerland had to grant to the various belligerent countries in order to obtain the raw material necessary for her industries and the food for her population, have proved a heavy burden for the country. In this connection it may be noted that the efforts America made to provide Switzerland with the necessary foodstuffs have created an excellent impression on public opinion in Switzerland. The loans which Switzerland has granted to belligerents amount altogether to more than 550 million francs and represent the utmost of what Switzerland can do under actual conditions. They mostly take the form of three months' bills which are renewed at maturity for a maximum period of three years. These bills bear two first-class signatures and a special deposit of securities with the Swiss National Bank serves as an additional guarantee. For loans granted to allied countries, a special undertaking: The Société Financière Suisse, of which Mr. Leopold Dubois, the managing director of the Swiss Bank Corpora-

tion, is the president, has been established in Lucerne. The principal Swiss industries have contributed forty-four millions towards its capital and commercial and cantonal banks have jointly subscribed ten millions, whilst the Federal Government furnished the balance of twenty-six millions.

While the war has imposed an enormous strain on the economic system of neutral countries, the pressure has been still heavier for the belligerents, some of whom will at the end of the war have practically exhausted their resources. It will therefore be one of the principal tasks of the neutral countries and especially of their banks to extend a helping hand to belligerents. In this respect Swiss banks are not likely to stand aloof. They have been able to deal with all the difficulties created by the war in a very satisfactory manner and it can be confidently expected that they will cope with equal ability with the many difficult problems of reconstruction; all the more so as they have all along been careful to husband their resources and to strengthen their position.

American Services in Foreign Banking

By FREDERICK TODD, Editor of "The Americas", Published by
the Foreign Division of The National City Bank of New York

FOUR kinds of banking service in doing foreign business have developed as the result of private enterprise in this country, exclusive of the war-time special services of the Federal Reserve Banks. First, there is the service of the interior banks, and others, which have a foreign department which conducts most of its transactions through some larger institution, having perhaps a few direct foreign corre-

spondents of its own. Second, there is the international or foreign bank, with its most active business abroad and a head office here which does a foreign business for commercial customers and banks. Third, there is the service of the kind of institution formed by the coöperation of a group of banks over the country, each bank having its foreign department, whose transactions are handled, along with those of the

other members of the group, in a combined bank with a spread of foreign branches or subsidiaries. Fourth, there is the American bank that has individually extended its service to foreign countries by means of direct branches and special coöperative arrangements with other great international banks, and is able, because of the big volume of business going on in every direction, between it and its branches and between its branches, to organize a foreign division on a basis of large-scale economies with special machinery for doing well all the wide range of general and special banking services that come up in a big national commerce. The services of these extensively organized foreign divisions are offered direct to the customers of these international American banks, also to correspondent banks over the country.

INTERIOR BANKS SHOULD OFFER FOREIGN FACILITIES

All of these different kinds of services are of importance to American business. It is necessary now that interior banks should be able to offer foreign banking facilities, and it is going to be increasingly necessary very soon. Interior business concerns of moderate size will without any doubt have many more occasional direct transactions abroad thereafter than they formerly did. The most convenient way to handle such foreign business for them will be through the foreign department of the banks where they carry their accounts. Any interior bank can easily and economically offer foreign service; the big international banks of this country are glad to coöperate even to the point of helping in the instruction of the foreign manager, or of equipping the bank with its own banking forms, etc. Arrangements can be perfected by which the international bank lends its credit and practically puts at the disposal of its correspondents the full facilities of its foreign division, so that the smaller bank's foreign department can offer travelers' and commercial letters of credit, and even give the best of

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service to its own customers in the way of foreign collections and the financing of exports.

The maximum services to American business in foreign commerce, whether looked at as broad national service or as service to individuals, seems to be offered by the American bank which does a great all-round banking business in this country and has extended the same service to foreign business communities through establishing itself by means of branches abroad. It is believed that there are distinct additional advantages in such a homogeneity of world-wide organization, over the German system, say, of big local banks and "daughter banks" abroad that are controlled by the home banks, but remain organically separate incorporations.

✓ One of the advantages is in the ability to have a complete organization of the "foreign division" on the extensive

scale necessary to the very best handling of every phase of the banking for international transactions, which differ widely in kind, and are apt to be complicated in various ways. If I may speak about the organization of the National City Bank of New York, in order to talk concretely and not theoretically, since we established our spread or foreign branches, several of them ranking among the most important banks in the cities where they are located, and doing there a complete banking business such as brings them in intimate touch with the business of leading houses abroad, we are able by the volume and international evening-up of our business to have separate departments, with trained experts in them, to handle in the right way, under all variations of circumstances, every one of the ordinary and most of the extraordinary problems presented—to handle them promptly and with almost the celerity and economy of routine, where it was formerly a matter of having somebody devote hours to the mastery of an "emergency."

The great American international bank, as it is now developing, is building up this perfected machinery and it is able to offer American business in its foreign activities many new improvements in facilities for the financing of exports and imports. To adopt a simile from the tailor-shop, American banking for export and import business is getting so it can give a closer "fit," in its facilities, to different kinds and conditions of business.

We can help the American business concern with important and pertinent information about foreign markets, about how to do business in them, about the reliability and business capacity of prospective customers, and above all we are offering more and more every day of the full and scientific credit information about foreign firms that counts so much in doing a foreign business on a good margin of profit.

By means of this organized machinery of international banking closely adjusted to the domestic, or made a part of it, if you please, financial facilities

are adapted to the growing requirements of our trade. Our big banks are now able to devise, fitting the individual peculiarities of an American business concern's affairs, special ways of handling, etc. For instance, a large American enterprise with heavy shipments abroad, which formerly sent its "bills" through different banks where it kept accounts for domestic reasons, is now apt to take up with one of our great international banks the proposition of handling all its bills, in collection with a deposit account, and probably also in connection with an arrangement for "refinancing" against the whole aggregate volume going forward, by means of acceptances. No special "shaded" rates are allowed on such accounts, at any rate not by the City Bank, but the whole advantage and economy lies in the use of efficient machinery provided in the complete foreign division, which saves the time of high-salaried employees and many days' interest upon money, and in the case of the "refinancing" will under normal conditions enable the concern to take advantage of the lowest rate for prime acceptances prevailing anywhere in the world, and does so now to a limited extent. The big international banks have the international credit and the international machinery by which prime acceptances with their imprint, handled for these customers, will be marketed instantly by cable, in London, in Paris, or elsewhere, if a better rate prevails than in New York. Special coöperative arrangements with big foreign banks enable them to do this without the paper actually going abroad.

This can be done, and is done, for these bank's customers of modern size, when circumstances fit, but it is a special phase of big international banking for big business units. Since the Webb Law has authorized export associations, the organizations of the big American international banks have been called upon to devise for them combinations of the local and international banking accounts, and special exchange facilities, adapted to their peculiar activities.

An even more flexible facility for financing export shipments than the use of the acceptance by the bank of a firm's clean bill against a volume of merchandise bills actually going forward for collection (the "refinancing" now permitted by the Federal Reserve Board) is the one by which a house is enabled to borrow against a bundle of bills, being automatically credited when the payment of any of them comes from abroad, and being able at any time to repay part or all of the account, and thus save the interest. The use of the acceptance offers the advantage of a

lower discount rate, but an acceptance necessarily runs for a definite period, and while acceptances may be "anticipated," for moderate volumes of foreign business the simpler financing is often preferred.

This big international phase of American banking is largely the development of a few years; in connection with large developments of other phases of finance, capital enterprise, and distribution of investments, we cannot foretell how great the advance of the next half-dozen years may be.

Educational Preparation for Foreign Trade

By SAMUEL MACCLINTOCK, Ph.D., Educational Director, La Salle Extension University; Former American Consul, Special Collaborator, Bureau of Education

OUR foreign trade before the war was limited by the following factors:

(1) Lack of American Shipping

As Mark Twain once said with regard to our navy, "All we need is ships—we have plenty of water." After the war is over, we shall have a great merchant marine. Our foreign trade will have to be greatly expanded if we are to fill these boats and make them nationally productive.

(2) Lack of American Banking Connections Abroad

This factor has already been materially changed by the establishment of a number of American branch banks, offices, affiliations or partnerships abroad. Such banks render an

invaluable service to American trade, and this development may therefore be expected to go on.

(3) Restrictive Legislation

Our banking and our shipping laws, and more particularly our laws prohibiting combinations for export purposes, have throttled legitimate development along these lines. Such legislation has now been largely remedied and we can look forward to more intelligent action along this line in the future.

(4) Lack of Training.

In comparison with the European nations we have lacked actual knowledge as to how to proceed. We have not had trained men and we have paid little or no attention to the adequate training of those who were to

carry on our foreign trade. Already there are indications of an awakening public intelligence on this point.

AFTER THE WAR

Most of our basic industries have been enormously expanded and accelerated by war demands. We are in for an inevitable slump, depression, and re-



SAMUEL MacCLINTOCK, Ph.D.

adjustment as these demands pass away if we do not measurably expend the peace demands for our goods and services abroad. During the calendar year ended June 30, 1918, over sixty-seven per cent. of the total exports of the United States went to Europe and Asiatic Russia. Another thirteen per cent. went to Canada, so that only twenty per cent. of the total went to any country whose demands are not very closely connected with the great readjustments forced by the war. Such

figures show the necessity of cultivating the peace demands of the world as never before.

After the war is over there will be thousands of men with no desire to re-enter their former pursuits at home, but whose contact with foreign lands and ways will have given them a love of adventure, an interest in other people, and some knowledge of the language and needs of foreign countries. Many of these will need only some additional training to make them excellent material for foreign service.

In the past we have depended too much upon foreigners for all junior help at least, both in the Government service and in trade relations abroad. We had relatively few real Americans either capable or willing to live abroad and carry on the work both important and unimportant. These conditions must change rapidly. Only American citizens should be engaged in the Government service, and our foreign trade is of such importance as to justify almost exclusive American help in conducting it. This necessarily implies the training of Americans to do the work with success and in competition with the best brains in the international markets.

THE NEED OF ADEQUATE TRAINING

In studying the returns from a large number of questionnaires received recently from manufacturers, export and commission houses, and bankers, I was struck with the failure of so many to appreciate the necessity of a specialized training for successful participation in the foreign trade. Many still believe, apparently, that any reliable and successful salesman in the domestic field, with a full knowledge of his "line," can be equally successful abroad. Others lay great stress upon a thorough knowledge of a modern language. Few apparently realize the necessity of a training which will include a thorough knowledge not only of his "line," and of a foreign language, but of many other subjects as well—such a training as will make possible the scientific development of the foreign field, as simi-

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lar training prepares the engineer or banker or counsel for work in the domestic field. Mr. Albert Breton, vice-president of the Guaranty Trust Co., has well said in this connection: "We have enough capital, but not enough trained men. It is the lack of such men that is principally militating against our development in foreign countries."

Such a view is narrow and provincial. Our products generally will not sell themselves in keen competition with such a world as we shall find after the war is over. We shall require intelligent, experienced and trained men, fully aware of what others have to offer and under what conditions, and of what the consumers around the world want and can pay for.

It is this which makes many of our big men of vision see the imperative necessity right now of planning to meet the after-war conditions by adequate facilities for training both for those who are now engaged in foreign service and for those who are seeking to make their future in such work. This is leading to attempts on the part of business men and of educators to find out just what is needed and to provide the means for securing such training.

SCHOOLS OFFER INSTRUCTION

The schools of commerce of our colleges and universities, particularly in the larger centers, are offering some work along these lines. The chief trouble here is that relatively few col-

lege students want to prepare seriously for a definite career in foreign work. In one of our big universities last year there were only twenty-seven students in all who were preparing for Government, trade, or other services abroad.

Such institutions as the College of the City of New York and New York University, located in the most favorable city in our country for this purpose, this fall organized extension classes for business men and women now in actual contact with foreign work. These classes are conducted downtown at night and for the most part under practical men. Such work can, of necessity, be organized in a few centers.

High schools of commerce in a few of our large cities likewise have courses in their senior years for boys who look forward to the foreign field. Such courses cannot hope to do more than turn out good junior clerks who with further study and practical office experience should grow into material for advanced positions later on.

The National City Bank of New York is the best example of a large business institution that trains its men for the foreign field. It usually takes a college graduate to begin with, gives him the office routine and at the same time intensive preparation for extensive practical work abroad. The results under such conditions are almost ideal, but the conditions themselves are very difficult to duplicate.

Correspondence instruction offers the best means to the individual who wishes or is compelled to study alone. The

demand for training of this class is not sufficient in most of our larger cities to justify classes under competent teachers; yet there are scattered individuals in all such places who need just such training. Here is where the correspondence schools and extension universities can serve best. Furthermore, there are always people—especially those in managerial positions—who dislike to sit in classes with younger students, perhaps from their own establishments, or who prefer the convenience of studying at home in their leisure. For all such, well-organized and rightly conducted home-study courses are the best thing.

BUREAU OF EDUCATION AND VOCATIONAL BOARD

In addition to such educational institutions, two nonteaching agencies should be mentioned, as they are both doing valuable work in stimulating interest in this field and offering outlines of study and other helps to those who do the teaching.

The Bureau of Education, in conjunction with the Department of Commerce, is studying what foreign nations do to train their representatives for successful work abroad and is laying out suggestive courses of study, especially for colleges and high schools. Some two years ago the Commissioner of Education appointed a Committee of Fifteen to study the whole subject of Educational Preparation for Foreign Service. The committee is composed as follows: E. D. Adams, Professor of History, Leland Stanford Jr. University, Stanford University, California; Morton A. Aldrich, Dean, College of Commerce and Business Administration, Tulane University, New Orleans, La.; James H. Carter, Vice-President National City Bank, New York city; John Clausen, Vice-President Crocker National Bank, San Francisco, Cal.; James G. Egbert, Director School of Business, Columbia University, New York city; J. F. Fish, President Northwestern Business College, Chicago, Ill.; Jeremiah H. Jenks, Professor of Government New York University, New

York city; Seldon O. Martin, Research Expert, American International Corporation, New York city; Samuel MacClintock, Educational Director LaSalle Extension University, Chicago, Ill.; Samuel B. McCormick, Chancellor University of Pittsburgh, Pittsburgh, Pa.; Leo S. Rowe, Assistant Secretary of the Treasury, Washington, D. C.; Brigadier-General Charles H. Sherrill, Office of the Adjutant-General, Albany, N. Y.; C. D. Snow, Assistant Chief of the Bureau of Foreign and Domestic Commerce, Washington, D. C.; John E. Treleven, School of Business Administration, University of Texas, Austin, Tex., and Glen Levin Swiggett, Specialist in Commercial Education, Bureau of Education, Washington, D. C., chairman.

Resident committees have been appointed in each of our principal foreign trade centers to study the local situations and to work out such coöperation as is needed between business interests and educational institutions. For the Chicago district, for example, the local committee is made up of the following representative personnel: John J. Arnold, First National Bank; William Bachrach, Supervisor of Commercial Work in the High Schools; George R. Meyercord, Illinois Manufacturers' Association; H. G. P. Deans, Merchants Loan and Trust Company; Cyrus H. McCormick, President International Harvester Company; L. C. Marshall, University of Chicago; J. F. Fish, Northwestern Business College; J. Paul Goode, University of Chicago; H. H. Garver, Foreign Trade Commissioner, Chicago Association of Commerce; George W. Doonan, Bureau of Foreign and Domestic Trade; Samuel MacClintock, LaSalle Extension University; Peter A. Mortenson, Superintendent of Schools; W. E. Lagerquist, Acting Dean Northwestern University School of Commerce; Harry Mussen, Central Trust Company; H. F. Davenport, Brunswick Balke Collender Company; H. H. Merrick, Vice-President Central Trust Company; W. C. Alward, Carson, Pirie Scott & Co., and G. L. Walters, Adams & Westlake Co.

More recently the Federal Board for Vocational Training, in coöperation with the Department of Commerce and the Shipping Board, has come into the field to offer its help. Dr. R. S. MacElwee, former Instructor in Foreign Trade at Columbia University, and with ten years' personal experience in the foreign field, is in charge of the work. He has outlined courses of a practical character intended primarily for those actively in contact with foreign trade, such as clerks, department heads, junior officers, export managers, executives, engineers, contractors, salesmen—all those in commercial, mercantile or maritime pursuits. The Federal Board contemplates enlisting educational institutions in all the larger centers in coöperation with chambers of commerce and other organized commercial bodies, offering such courses at night. Likewise the same work may be offered by correspondence institutions organized and equipped to carry on such work.

It should be noted that neither the Bureau of Education nor the Federal Board is a teaching institution. They themselves do not offer any classes or any work by correspondence. Their function is to arouse interest, to work out subject outlines, and to secure practical coöperation between educational and business interests.

SUBJECT MATTER

The courses offered in our colleges are generally under the department of economics and are usually rather academic in character. Such courses give the student an excellent background and historical development, but do not teach him how to do the practical work. Such instruction is largely about the subject rather than the actual subject itself.

The courses given in down-town evening classes by the College of the City of New York, and such as are outlined by the Vocational Board, are intended to be distinctly practical, to equip the student, either already in a foreign trade office or preparing for such work, to carry it on immediately. The sub-

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ject matter includes the following courses:

Commercial Geography—Raw materials, manufactured products, trade channels, market demands, purchasing power.

Marketing Methods—Selling organizations, branch establishments, credits and general finance, economic conditions.

Transportation — Ports, shipping, ocean freight rates, routing, railways, inland navigation.

Document Technique and Office Routine—Foreign exchange, credits, banking.

Tariffs and Commercial Treaties—Combinations for export trade.

International Commercial Law.

The Merchant Marine—Rates and rate structure, traffic agreements, differentials, relation and jurisdiction of the Interstate Commerce Commission to the Shipping Board, Bureau of Navigation, and other Government bureaus, boards, or agencies.

GEOGRAPHICAL GROUPS

Let's take commercial geography as an example and see how the course as outlined by the Federal Board differs from the ordinary academic treatment of the subject. Probably most men can recall the instruction which they received in geography: We were told to find Argentina on the map, tell what

it was bounded by, what its products were, who its people were, its principal cities, and then we were all through. The newer method is to teach regional geography and commodities—wheat, for example, wherever it is found the world around. The geographic groups are based upon language, political institutions, transportation, laws and customs. The following grouping is suggested:

(1) The English Group: United Kingdom; Union of South Africa and adjacent colonies; British Indies, Ceylon, Straits Settlements, Indo-China; Australia and New Zealand.

(2) The Latin Group: France; Belgium; Switzerland; Morocco; Algeria; Italy; Spain; Portugal.

(3) The Levant and Near East: Greece; Balkans; Asia Minor.

(4) The Far East: China; Japan; Philippines.

(5) The North American Group: United States and Canada.

(6) Latin America: The Caribbean and West Indies; North Coast of South America—Colombia, Venezuela; Brazil; the River Platte States—Argentina, Uruguay, Paraguay; the West Coast—Chile, Bolivia, Peru, Ecuador.

(7) Russia.

(8) The Germanic Group: Germany, Austria-Hungary, Scandinavia, Holland.

FOREIGN LANGUAGE

We Americans have been a provincial people when it comes to a knowledge of foreign languages. The schools generally do not teach our children how to speak and write correctly a foreign tongue (and it's not an easy thing to do). Consequently most men do not take up the subject seriously until they actually need it. It is then a long, laborious process to acquire real proficiency. A British committee which has been making a thorough study of the subject of foreign language instruction for the last two years has this to say with regard to the desirability of such knowledge as it relates to foreign trade:

The evidence collected by us seems conclusive as to the need of foreign languages

in business, especially under the new conditions which may be expected to prevail after the war. Keen emulation will then be encountered; lost ground must be recovered; new openings must be found; and in countries where we felt secure we shall find our footing precarious. So large is the part of our industrial product marketed abroad, so great is our capital invested in foreign markets, but also on the prosperity of the whole country. Our foreign trade does not comprise the whole of our activities, but the whole of our activities depends upon it. In a great part of our foreign trade a knowledge of language, a knowledge of foreign peoples, will be directly and abundantly remunerative. It is not enough to provide more and better instruction; the instruction available must be better known and more highly valued.

It seems that a considerable number of the firms questioned by this committee encouraged their employees in the acquisition of one or more languages by paying part or all of the fees. Some make regular provision for sending abroad some of their promising clerks. The committee makes the following statement with regard to the place of foreign language in office work:

Our conclusion is that for business purposes a considerable number of good linguists are required; a small proportion of the whole number employed will suffice, but it should be ample to allow a free selection for specific functions from among well-qualified candidates. Knowledge of foreign languages is no guarantee of business capacity; several firms complained that for certain duties they had either to choose a candidate of inferior capacity or dispense with the knowledge of languages. Some of our witnesses stated that a clerk once found competent in foreign correspondence is not infrequently regarded as irreplaceable, and may, therefore, miss his chance of promotion to other lines of work. This narrow view of the utility of modern languages must give way to a larger conception. The belief that proficiency in modern languages may hinder advancement is a direct discouragement to their study, and yet they are needed by many firms in higher as well as in the lower grades of their organization. Such proficiency can only be turned to the best advantage when it is more common; and will only become more common when its value is more generally recognized.

Anyone who has had experience abroad knows that one of the German methods of trade penetration is their adept knowledge of the language of the country in which they were doing busi-

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ness. That the desirability of such language knowledge was clearly recognized by the trade interest may be gathered from a very excellent practical manual on foreign trade issued in Germany before the war and containing the following statement:

A satisfactory knowledge of foreign languages is the first step toward success in foreign trade. * * * Above all, thorough study should be given to the language of the foreign country, its political and geographical relations, its trade and industry. * * * I assume that the reader of this book has a certain familiarity with geography and foreign languages, especially English, which is indispensable as a world language for the over-sea trader.

Considerable difference of opinion exists at the present time as to the advisability of teaching German in our schools. The report of the British committee may be cited once more on this point:

After the war the importance of German must correspond with the importance of Germany. If Germany after the war is still enterprising, industrious, highly organized, formidable no less in trade than in arms, we cannot afford to neglect it or ignore it for a moment; we cannot leave any of its activities unstudied. The knowledge of Germany by specialists will not suffice; it must be widespread throughout the people. A democracy cannot afford to be ignorant. We may indicate one point in particular which is likely to be of importance at the end of a war. It will, in any case, be impossible to oust the use of German in commerce, even for our own purposes at home, apart from any question of competition in neutral countries. The mere settlement of pre-war accounts with Germany will be a long and difficult matter if we are not ourselves able to supply men who have

sufficient knowledge of German to conduct the necessary correspondence; strong incentive will be offered to revert to the old practice of employing qualified German clerks for the purpose. This is only one of many considerations which lead us to the conclusion that it is of essential importance to the nation that the study of the problem may not prove to be so simple as it seems. Is it certain that after the war public opinion will at once be ready to give an improved position to German in schools? Yet wisdom and prudence demand that its position should be improved, for during the early part of this century the study of German was not going forward, but backward.

INSTRUCTORS

It is axiomatic that in order to get practical results the instruction must be given by practical men, but it doesn't follow necessarily that a man engaged in foreign trade is, for that very reason, a practical man when it comes to teaching others. Such men frequently show inability to limit the field for discussion, to select the proper and necessary materials, to generalize wisely, and to carry the classes successfully by outlining the work, stimulating interest, and making the student do his part. His chief stock-in-trade often is his own personal experience and knowledge. He is likely to be detailed with regard to the line that he knows and to lack continuity and logical arrangement in the presentation of his subject matter.

On the other hand, the typical college instructor is lacking in business experience, both domestic and foreign, and in actual contact with the subject matter that he is to teach. He must draw his material necessarily from second-

hand sources, and he has but little immediate contact with people engaged in foreign trade work. There are few good texts or monographs dealing with the technique of foreign trade, and his teaching of mature men therefore often seems theoretical and academic.

Both the subject matter and the best way of presenting it in this field are yet largely to be worked out. The above statement shows that the beginning is being made. The best results can only

be had by the right combinations of first-hand practical experience, with a wide knowledge of the field as a whole and the direct advantage of the professional teacher in organizing and imparting such knowledge. This implies the interest of business organizations in securing such training for our foreign representatives and their hearty coöperation with educators in working out the most practical kind of instruction.

Modern Languages and Modern Business

By M. E. SADLER, C.B., M.A., Lit.D., LL.D., Vice-Chancellor of the University of Leeds

The study of foreign languages is an important and essential step in the development of the foreign commerce of this country. How an English city, Bradford, is encouraging such study is interestingly described in the following article. It is reprinted from the Journal of the Institute of Bankers, London, and is the report of a lecture delivered before the Bradford chapter of the Institute.—Editor Bankers Magazine.

BRADFORD is famed for the encouragement which it gives to the study of foreign languages. As a great exporting city, from which in times of peace threads of communication radiate into all countries, it knows well the value of being able to talk with men of other nations in their own speech. It is a courtesy to address a foreign acquaintance in his own language. There is no surer road to friendliness of intercourse than mutual understanding of thoughts as expressed spontaneously in words. Knowledge of its language is one key to the psychology of a people. Business, when solidly founded upon reciprocal benefit in exchange, thrives on courtesy, on personal intimacies and upon that training in quick apprehension of a customer's

habit of thought and of his outlook on the world which is technically called applied psychology. Ignorance of foreign languages is one chief cause of non-conductivity in international relationships. It is a bar across the passage which should be open for the movement of new ideas. It acts like a cramp upon the activities of men. It hampers the growth of knowledge, delays its diffusion, entrenches misjudgments, stunts the power of sympathy, holds the world back from large co-operative effort in the development of natural resources and in their just division.

ENCOURAGING FOREIGN LANGUAGE STUDY

The city education committee of Bradford has wisely encouraged the

study of foreign languages. Recognition of this service has been made by the appointment of Mr. Coffin as a member of the committee which the Government has set up for the improvement of the teaching of modern languages in British education. The Bradford Foreign Language Circles have won a repute which is almost world-wide. The liberality of the Bradford Dyers' Association in establishing valuable scholarships for the study of Russian in Russia has been hailed everywhere both as an act of intelligent public spirit and as a good stroke of business. Three eminent Yorkshire people, all of them connected with Bradford or its neighborhood, Sir James Roberts and Lord and Lady Cowdray, have within the last few months endowed chairs which will promote the study of the languages and literatures of Russia and of Spain throughout the populous districts of the county. Their munificence is an act of national importance and of international significance. Especially at this time, it is a sign of the determination of Great Britain to learn the lessons of the war. It will in perpetuity give their names an honored place in the roll of benefactors to Yorkshire. Vigorously and prudently used, by the great local authorities and the university acting together for the benefit of the communities which it is their privilege to serve, the brilliant gifts of Sir James Roberts and of Lord and Lady Cowdray will quicken the intellectual life of the North; will promote mutual understanding between three great divisions of mankind and reciprocal respect for their achievements in history, literature, science and art; and will enhance the well-being of the whole of the population of Yorkshire by helping forward extensions of commerce and industry which, under wise guidance and just regulation, are advantageous not to a few only but to all.

LANGUAGE STUDY A SOURCE OF WEALTH

Speaking broadly, however, Great Britain is backward in the study of for-

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eign languages as living tongues. In international intercourse, Great Britain has always been powerful. She will gain influence, and may escape dangers by timely foreknowledge, if she arms herself with greater knowledge of the language of other nations and becomes less numb to foreign thought, less tongue-tied in her intercourse with foreign contemporaries. The English traveller in Holland, in Scandinavia, in Central Europe and in Finland notices that a much larger proportion of the people are acquainted with a foreign language in addition to their own native speech than is the case in his own country. Geographical position has compelled those peoples to take the pains which, somewhat unexpectedly, have given them, in modern commerce, an advantage which lessens the handicap imposed on them by drawbacks suffered through historical causes and by political conditions. The study of foreign languages has proved a source of wealth to them and of intellectual stimulus. They have fostered this study by educational regulations and by applying modern science to the methods of instruction in foreign tongues. Great Britain, powerful through other causes, has been in the past strong enough, or has thought herself strong enough, to be slack in this part of her school education and in her adult self-training. We have made shift. And to make shift is in this case to make mistakes, or rather to miss great opportunities.

Great Britain, through the war, has realized once again in her history that she is part of Europe. She is a part of Europe which, standing on the edge of the continent, has in her heart her fellow-citizens beyond the seas and in her hands a world-wide responsibility of non-European government. But nevertheless Britain is part of Europe. Therefore she cannot neglect the knowledge which comes, and can only come, from knowledge of the languages in which Europe expresses its thoughts, its aims and its outlook on the world. The war has revealed the importance of the study of foreign languages. Modern business, which is one of the foundations of modern politics, feels the same need. Modern science, which is a governing fact in modern politics and in modern business alike, reinforces the claim. But, above all, human interests dictate it to us also, and in the long run human interests are sovereign alike in the business and in the politics of the world.

POWER OF SEEING THINGS FROM A NEW STANDPOINT

A knowledge of a foreign language gives us the power of seeing things from a new standpoint. Everything, our own language, our own institutions, our own methods, fall into a fresh perspective, and are seen in sharper outline, with greater solidity of mass and in more definite light and shadow. What is essential, however, is not merely facility in speech, not merely command of the words and of the structure of another language; even not merely an artistic sense of its rhythm and color; but insight into the human significance of it, an understanding of what is in the mind and heart of the men and women who express through it their intimate thoughts and feelings. Not a new skill only, but an induced sympathy is the measure of the value of knowing a foreign country through intimacy with its speech. To some extent, the insular Briton has gained this by his acquaintance with the United States of America,

which, though speaking the same language or a variant of it, are nevertheless in many respects a foreign country. But we need to win the same power of freely exchanging thoughts, ideas and business needs with nations which do not speak any form of English. And therefore a more general, a more scientific, and a more industrious study of foreign languages has become an urgent need in British education, both for children and adults, through the circumstances of modern politics, modern business and modern life.

KNOWLEDGE OF FOREIGN LANGUAGES VALUABLE TO BANKS

For many responsible posts both in commerce and industry, and in branches of the public service closely concerned with the interests of British trade, a fluent and exact knowledge of one or more foreign languages has become necessary through modern economic developments. And the need has been made plain by the exigencies of the war and by the new outlook which the war has opened to us. Some British banks will rapidly develop foreign branches. This will be the banking side of the movement of credits caused by the war loans from Britain to the Allies and the future development of British undertakings on foreign soil. The new trade bank which the Government proposes to help in establishing will need a staff of men to whom a knowledge of foreign languages will be indispensable. And other joint stock banks will do business not less far-flung in its range than that of the trade bank. The consular service must be reorganized and drastically reformed. It must be British, highly trained and well salaried, in order to secure brains and independence and intelligence. For the consular service, mastery of two or more foreign languages will be a necessity. Commercial firms with wide connections in the world will need well-educated, energetic, accomplished representatives. The profession of commercial traveller will quickly rise as has the profession

of the accountant. Both are the confidants of modern business. And many branches of industry as well as of commerce will need the help given by skill in foreign languages. The iron and steel trades, the engineering trades, the textile industries, the chemical trades, the fermentation trades, the printing and book trade, including the color printing and photograph trades, are but a few of the branches of industry which will feel the need. And the foreign productive departments of great firms like Levers, or of distribution organizations like the Co-operative Wholesale, will require assistance from men and women skilled in foreign speech and acquainted with foreign methods of business and economic conditions. Add to this the increasing demand for foreign correspondence clerks of British birth and training, and you have a total demand which we should make careful preparation to meet. Demobilization and peace will be the signal for a new recruiting campaign. And the nation should be ready with thought-out plans for training the new battalions of commercial recruits. Skill in foreign languages is one of the machine-guns of modern commercial enterprise.

AMERICA NOT SKILLED IN FOREIGN LANGUAGES

The trade struggle after the war will not be mutually destructive, but will spur the world to an enterprise, to a tense and buoyant industry, to an economy and magnitude of production, to an inventiveness, to a skill in persuasive advertisement, to a divination of hidden resources, and to a brilliant use of opportunity which are likely to enhance the wealth of the world to a degree undreamt of in the past. The trade struggle after the war will bring into the stadium not the Germans and Central Europeans only, but the Americans also. With them also we must run level in the new Olympic games. Now America has great advantages—huge resources, imagination, self-confidence, a knack of assertive publicity, an alert system of public education. But it is

not skilful in foreign languages. Itself a continent of English-speaking people, it is remote from the habit of foreign speech. The schools are weak, weaker than ours, in the teaching of foreign languages. Residence in a foreign-speaking country is more distant, and therefore more costly, for them than for us. In reforming our education system in regard to skill in foreign languages, we are more lightly handicapped than the Americans.

Whatever the years after the war may bring in the way of new tariffs, they will not lessen the need for skill in foreign languages. Even supposing that we are cut off hereafter from direct industrial and commercial relationship with Central Europe (a contingency which I regard as likely to be but of temporary significance), we shall have to meet Central European competition in neutral markets. All the more reason for us to know what Germany is doing. And you cannot know fully unless you read and speak German. Moreover we shall have to know the languages of the neutral markets. It is a courtesy to a man to understand his language. And commerce, like every other side of human life, thrives on courtesy. Spain and Latin South America are not the most backward in appreciating it.

Again, the more permanent our economic alliance with France and Russia, the more insistent the need for a knowledge of French and Russian. Every one of us, whether in commerce or in public affairs, knows how much he gains by being able to speak and understand French, since the war began. And year by year the value of the accomplishment will increase. Some of the most critical negotiations during the last two years have been conducted in French. We to-day find French as valuable a medium of communication as in the eighteenth century John Wesley found Latin, or two generations earlier John Locke, or a generation earlier than Locke, William Harvey, when he made his medical studies in France, or a century before that the English pioneers of the New Learning, when they caught

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Capital & Surplus, \$2,500,000 Resources, \$15,235,000

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WILLIAM R. WEBB, Asst. Cash.

the inspiration of Padua and of the Italian Renaissance. Well might that enterprising commercial traveller, the father of St. Francis of Assisi, insist, on his return from Lyons, that his baby should be called not John but Francis, after the land where the first renaissance was flowing. We, too, turn with homage to the intellectual and artistic ferment of a regenerated France.

Therefore we welcome the action of chambers of commerce throughout the country in urging the more systematic and scientific study of living foreign languages. We rejoiced at the action of the Government in appointing a committee to advise them as to the best means of improving this side of our education. And we hail as a sign (however belated) of foresight and wisdom the action of the Government in aiding the establishment of a School of Oriental Studies in London, with the object

of (1) providing a place where the Englishmen who will presently be engaged in governing or garrisoning the Oriental and African parts of the Empire may learn the languages and study the literature, the religions, and the customs of the peoples with whom they will be so soon brought into contact, and their influence over whom will largely depend upon their familiarity with indigenous character, ideas, and institutions; (2) offering a training to those who are about to proceed to the same countries to take part in commercial enterprise or avocations; (3) furnishing in the capital of the Empire a meeting ground and focus for the scholars of the East, of all nationalities, where, on their visits to this country, they may be assured of a sympathetic welcome, and, if required, of opportunities for study among those who are engaged in kindred pursuits.



What Our Cities Are Doing To Promote International Banking and Foreign Trade

UNTIL recently the attention of American bankers and manufacturers was engaged in the problem of greatest immediate importance, which was the winning of the war. But some of those who are most far-seeing are already looking ahead to the time when the development of our foreign trade and banking must become a matter of pressing concern. Herewith will be found, in outline, an account of what some of the principal cities are doing in this direction. Manifestly, to include all or even the principal cities would be far beyond the possibilities of a single issue of any periodical. But it is believed that enough is told in the following pages to show that the bankers and business men of the United States are already thinking and acting in a manner which indicates their comprehension of the duties and opportunities of the times.



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NEW YORK CITY

Member Federal Reserve System

Agent for issuance of

AMERICAN BANKERS ASSOCIATION TRAVELERS' CHEQUES

NEW YORK CITY

Population (estimated) . . .	6,485,000
Number of manufacturing establishments (1914) ..	29,621
Value of manufactured products (1914) :	\$2,292,832,000
Foreign commerce of port (1917)	\$4,260,404,848
Bank clearings (1917) . . .	\$181,534,031,388
Taxable value of property (1917)	\$8,673,705,315

NEW YORK now ranks not only as the commercial, industrial and financial centre of the United States, but in point of population, trade and banking power closely rivals, if it does not surpass, any city in the world.

Handling more than fifty per cent. of the foreign trade of the United States, its importance as a shipping point is unrivalled by any other port in the country.

NEW YORK'S commercial banks, trust companies, savings banks and branches and agencies of foreign banks constitute an enormous aggregation of financial strength.

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What Our Cities Are Doing to Promote International Banking and Foreign Trade

Boston Bankers in International Trade and Finance

By R. ROESTI

THE largest and most important city in America up to the middle of the eighteenth century, Boston, always kept and holds to-day a most prominent place in international trade and finance. It may be that during the last generation Boston bankers have been known abroad more especially in investment circles, because their placing of large bond issues and their prominence in the financing of such national industries as copper mines has overshadowed their many activities.

While it is true that the large Boston banks, up to a few years ago, had no foreign exchange experts among their staffs, they were by no means unconcerned about international banking. The three old banking houses of Kidder, Peabody & Co., Lee, Higginson & Co., and Brown Brothers & Co. have long handled large foreign exchange transactions and continue to compete with New York bankers for this business. The first mentioned house has for many years been acting as United States agent of Baring Brothers & Co., while the other two Boston houses have their own London branch houses. Messrs. Lee, Higginson & Co., for instance, during the last few years have attained prominence through their placing in this country of large government loans, such as those of Italy and Switzerland.

As to the banking institutions, fully half a dozen have established foreign departments during the last three or four years. The first National Bank took the initiative, and it is well known that their recent growth in deposits is largely due to the aggressive way their foreign department has gone after new business. A new departure for Boston in their organization was, of course, the opening of a branch in Buenos Aires, which has been a great success. In addition they recently organized the First National Corporation for the purpose of dealing in acceptances and transacting such business as the bank is not allowed to do under its own charter.

The Old Colony Trust Company, which held up to recently the largest amount of deposits in New England, has also organized a foreign department, but it has not used this department so much to get more business as to provide facilities for its large clientele interested in foreign business.

The National Shawmut Bank has in the short period of one year built up a very large foreign department in charge of experts from New York and San Francisco. In addition to handling the large exchange business of its own depositors and correspondents, this bank has commenced to compete with New York in the purchase of exchange arising from our great national exports, such as cotton, etc. Another big feature is the leading position the Shawmut Bank has gained during the last twelve months in the field of acceptances. Next to the big New York market, Boston is now ahead of any other American city as a distributing and marketing point for discounts and the Shawmut Bank found it necessary to establish a sub-division of the foreign department for this business.

Through its direct interest in the Mercantile Bank of the Americas of New York and the latter's many subsidiary banks recently established in Central and South America the Shawmut Bank will later on reap great benefits.

The Merchants National Bank, which has recently secured the services of a San Franciscan to manage its new foreign department, expects similar good results from its active interest in the American Foreign Banking Corporation of New York.

Several of the trust companies, such as the Federal and Cosmopolitan, have well managed foreign departments with direct accounts abroad, which are especially useful in financing the smaller merchants and the remittances of immigrants.

Boston is the center for wool and leather and imports more hides and wool than any other port.

THE FOURTH-ATLANTIC NATIONAL BANK OF BOSTON

Capital, Surplus and Profits, \$3,675,000
Total Resources, - - 33,000,000

OFFICERS

HERBERT K. HALLETT, President	EDGAR F. HANSCOM, Assistant Cashier
WILLIAM N. HOMER, Vice-Pres. & Cash.	NATHAN N. DENISON, Assistant Cashier
ARTHUR W. HAINES, Vice-President	GUSTAVE A. BLEYLE, Assistant Cashier

STATE STREET, Corner KILBY, BOSTON

State Street Trust Company

BOSTON, MASS.

MAIN OFFICE, 33 STATE STREET

BRANCH OFFICES—

Massachusetts Avenue Branch	Copley Square Branch
Cor. Massachusetts Ave. and Boylston St.	579 Boylston St.

Interest Allowed on Accounts of \$300 and Over

DEPOSITS

July 1, 1914	- - - - - -	\$17,063,395.45
July 1, 1915	- - - - - -	18,788,082.10
July 1, 1916	- - - - - -	26,164,597.12
July 1, 1917	- - - - - -	28,521,706.90
July 1, 1918	- - - - - -	30,866,259.15

BOSTON

Population, 1915	826,800
Total assessed valuation, April 1, 1918.....	\$1,498,216,298
Total banking capital, Aug. 31, 1918	54,750,000
Total deposits	865,000,000
Bank clearings, 1917.....	12,664,248,400
Exports, 1917	208,221,739
Imports, 1917	229,403,531

BOSTON is the greatest wool port in the world. Its imports in 1917 were \$108,625,-644. It has the largest wool warehouse in the world.

BOSTON is at the head of the boot, shoe and leather trade of the world. In 1917 Boston imported \$20,848,237 worth of hides and skins, and exported \$6,223,290 worth of boots and shoes.

BOSTON is the center of the cotton manufacturing industry of the United States. It imported \$27,855,048 worth of raw cotton in 1917, and exported \$26,800,295 worth of cotton goods.

NATIONAL UNION BANK

Boston's Oldest Bank, Originally Chartered in 1792

40 State Street, Boston, Mass.

Capital, Surplus and Undivided Profits, \$2,500,000

Total Resources, \$17,000,000

It is the aim of its officers and directors to extend every proper banking facility to its customers and to provide further the valuable personal service which is possible in a bank of moderate size.

OFFICERS

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W. S. B. STEVENS, Vice-Pres.

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ALEXANDER WHITESIDE, Vice-Pres.

H. B. MANSFIELD, Assistant Cashier

Beacon Trust Company

TWO OFFICES

20 MILK STREET

3 SO. MARKET STREET

BOSTON, MASS.

Capital	-	-	-	-	-	\$600,600.00
Surplus and Profits	-	-	-	-	-	\$1,200,000.00
Deposits	-	-	-	-	-	\$15,900,000.00

	Capital	Surplus and Profits	Deposits
January 1, 1905	\$400,000.00	\$164,710.00	\$1,795,937.88
January 1, 1908	400,000.00	347,800.00	3,579,671.07
January 1, 1911	600,000.00	498,600.00	9,093,040.59
January 1, 1914	600,000.00	791,110.30	10,958,625.10
January 1, 1917	600,000.00	1,056,522.94	14,166,794.09
June 29, 1918	600,000.00	1,265,210.11	15,900,727.75

CHARLES B. JOPP, President

C. L. BILLMAN, Vice-President and Treasurer

F. B. LAWLER, Vice-President

GEORGE H. POOR, Secretary

ROBERT G. SHAW, Jr., Asst. Treasurer

ALFRED S. NELSON, Asst. Treasurer

DEPOSITARY FOR REORGANIZATION PURPOSES

Interest Paid on Deposits of \$300 or over

Philadelphia—The World City

By CHARLES S. CALWELL,
President Corn Exchange National Bank, Philadelphia

NATURAL selection has made Philadelphia the greatest centre of war industry in the United States, just as it made it the greatest manufacturing centre in the country before the war.

Known as the "workshop of the world," the war has brought this section an equally proud distinction in the title of "The Clyde of America," which has been conferred upon the Delaware River.

When Chairman Hurley of the United States Shipping Board made the statement that Philadelphia had all the possibilities of a great world port, his opinion was based on what was doubtless, to him, a revelation of the many advantages which this city possesses for the promotion of foreign trade. The simple fact is that the war has merely accentuated these advantages—that the Government is waging the war in the most efficient way by taking advantage of such advantages at Philadelphia offers. That part of the story is told impressively in the foreign trade figures of the city.

During the first four years of the war exports from this port compared with the four year pre-war period jumped 300 per cent., or 183 per cent. more than the average increase for the whole country. From June, 1914, to June, 1918, the value of the city's exports amounted to nearly one billion, two hundred millions of dollars, the total value of both imports and exports reaching the sum of one billion, five hundred and seventy-five millions of dollars.

Great municipal piers have been constructed along the Delaware River, which has a thirty-five foot channel to the sea. Immense terminal railroad yards will be built in close proximity and tapping every pier and wharf, spurs from a belt line railroad that parallels the water front of the Delaware, and also of the lower Schuylkill River—the Schuylkill River having a thirty foot channel until it meets the Delaware below the southernmost section of the city. This belt line railroad under city agreement is an open highway for traffic from the great trunk lines and railroads radiating into the interior, and furnishes the ideal means of communication between rail and boat without a break. Thirty-seven miles of navigable water front around the city on its eastern, southern and southwestern boundary offers, perhaps, the best water front to be found in any great city.

There is another aspect to the situation which places Philadelphia in a peculiarly fortunate position in its relation to foreign trade.

Along the Delaware to-day there stretches,

in sections, a veritable forest of scaffolding, which spells ships in unprecedented numbers. Hog Island, adjoining the city, alone has fifty-seven shipways and employs over thirty thousand workmen. Then there are nine other great plants from Wilmington on the south to Bristol on the north, a distance of only a few miles, which places



CHARLES S. CALWELL
President Corn Exchange National Bank,
Philadelphia

this section in the forefront of the world in point of ship production. These hundreds of ships and millions of tons of cargo space will be used to help rehabilitate the world and to supply those countries which have to a great extent been cut off from their supplies by the war. These ships will, in part, transport the products of Philadelphia and Pennsylvania factories and the products of the great army of industrial workers in this section.

From raw material, to factory, to boat is a short route via Philadelphia. The city is most favorably situated in respect to sources of supply of the great basic com-

No Rule of Thumb

**Governs the Conduct
of This Bank's Business**

**Old fashioned set rules of
banking are not followed
blindly, but we strive each
day for perfection of service.**

**Have you business prob-
lems? Let us help you.**



CORN EXCHANGE NATIONAL BANK

PHILADELPHIA

CHESTNUT at SECOND

PHILADELPHIA

Population	1,800,000
Assessed valuation of taxable real estate.	\$1,749,198,501
Banking resources (including trust funds \$1,100,000,000) amount to	2,500,000,000
Exports (1917)	501,234,069
Imports (1917)	102,245,870

PHILADELPHIA has an army of workers actively employed numbering over 600,000 and receiving wages from over 55,000 separate business organizations operated within the limits of the city.

PHILADELPHIA leads all other cities in the world in the number of workers owning the homes they occupy—over 150,000 home owners residing in Philadelphia. Of PHILADELPHIA'S 378,000 separate homes, less than 15,000 are built of wood.

The city has 90 separate parks and squares, totaling over 6,000 acres.

The value of manufactured output exceeds \$1,000,000,000 a year, the Delaware River leading the whole world as a shipbuilding center.

Within the city limits are 37 miles of water front, with 170 piers, and there is a 35-foot channel to the sea.

PHILADELPHIA is 235 years old and is growing faster to-day than at any time in its history.



Oldest Bank Building in America

Philadelphia — The Workshop of the World

THE remarkable development of Philadelphia as a manufacturing center has been more than matched by its increasing importance as a banking center. For this reason the advantages of a Philadelphia account for out-of-town banks is manifest. For the handling of such accounts this bank is amply qualified. We have complete facilities for all branches of commercial banking and are in a position to give prompt attention to collections and all other banking business.

JOSEPH WAYNE, JR., President

EVAN RANDOLPH, V.-P. & Cash.

ALFRED BARRATT, Asst. Cash.

A. W. PICKFORD, Asst. Cash.

DAVID J. MYERS, Asst. Cash.

WALTER P. FRENCH, Asst. Cash.

THE GIRARD NATIONAL BANK **PHILADELPHIA**

Resources over \$92,000,000

modities, such as coal, steel and cement. The largest cement centre in the country is located less than fifty miles away. Still closer is the tremendous new steel section of the Lehigh Valley, while only a few hours by rail are between Philadelphia furnaces and the great coal fields of Pennsylvania.

BANKING AND FINANCE

In financial affairs the powers of the city's resources and the genius of its financiers have had a determining effect on the wars in which the country has been engaged. Banking in Philadelphia has always been noted for conservatism. Its enduring qualities can best be attested, perhaps, by the fact that to-day there are five financial institutions in the city with aggregate resources of over four hundred millions of dollars, which have been in business for more than one hundred years. The total banking resources of the city, ranking next to Chicago and New York, are over one billion, four hundred millions of dollars. There is an ample base here for the financing of foreign trade. While there are one hundred and six separate institutions catering to the financial wants of the community, its active commercial banking business is transacted largely by twenty-nine national banks with assets of six hundred million dollars, and a few small state banks. To this amount, however, should be added in part the resources of some fifty-three trust companies which are engaged more or less in commercial banking. These fifty-three trust companies have assets of five hundred and seventy millions of dollars.

The available commercial banking capital of the city is quite enough to finance a vast world trade. Additional facilities afforded by the Federal Reserve Bank for rediscount and the purchase outright of acceptances not only afford the necessary elasticity to banking operations, but also a ready market for the absorption of foreign bills. It is not merely a fortuitous circumstance that Philadelphia should have been selected as the location of Federal Reserve Bank No. 3, one of the twelve great banks of the Federal Reserve System. It was again merely the logical selection and recognition of this section's financial and industrial, and, indeed, agricultural resources. The Federal Reserve Bank is a valuable adjunct to the banking facilities of Philadelphia—and the district which it serves. This bank, with two hundred and seventy-five millions of dollars in resources, naturally facilitates operations in connection with both domestic and foreign banking. It places Philadelphia, in the matter of discount rates, on the same basis as New York. The bank acceptance covering both imports and exports, as well as domestic transactions, is only in the beginning of its usefulness. The Federal Reserve Act dis-

tinctly encourages its use as the most attractive commercial paper for rediscounting purposes and as part of the base for Federal Reserve note currency.

Commercial letters of credit are also readily negotiated in Philadelphia. A number of the banks here have their own direct connections in foreign countries maintaining balances with correspondents abroad and in addition have direct working arrangements with the branches of great foreign banks in different parts of the world. Rates of foreign exchange are instantly available, and the purchase of foreign bills, as well as the handling of foreign drafts for collection, is a part of the daily routine of some of the city's big banks. The active character of Philadelphia's banking business is probably best shown by the amount of its annual bank clearings, which, in 1917, totalled nearly seventeen and a quarter billions of dollars.

There remains, however, that other important factor in the building up of foreign trade, namely, sources of information pertaining to foreign credits, tariffs, trade customs, trade-marks, etc.—facilities for learning the varied business aspects of foreign countries and their trade opportunities. In addition to the services rendered by the banks in these important matters, there are available the facilities offered by one of the best, if not the best organization of its kind in the country—the Commercial Museum—located right in the heart of Philadelphia's industrial development. The Museum has for its object the promotion of American export trade by diffusing throughout this country a wider knowledge of the commercial needs of foreign countries and by making foreign countries better acquainted with the commercial products of Philadelphia and of the United States. Its foreign trade bureau collects all available data regarding the subject of foreign trade and distributes, upon application, reports tending to the extension of American trade abroad. A free commercial and technical library of fifty thousand volumes is also maintained by the Museum—the books, magazines and pamphlets all bearing on the subject of international trade, production, transportation, banking economics and municipal affairs. It also contains trade directories of the leading cities and countries of the world. There is a list of nearly four hundred thousand firms in different parts of the world, with information regarding their lines of business and their importance in the trade. A monthly journal is published in both English and Spanish and also a weekly export bulletin. In the Commercial Museum the American Merchant has an efficient aid in extending sales abroad and the increasing demand for its service is the best evidence of its effectiveness.

To raw material, capital and maritime advantages, add labor—than which no other

CONTINENTAL AND COMMERCIAL NATIONAL BANK OF CHICAGO

President's Office

The bankers of Chicago where glad to act as hosts to the members of the fraternity who attended the Forty-Fourth Annual Convention of the American Bankers Association.

The meeting was a great success, not because of a large attendance, but because it brought together from all parts of the United States men who are leaders in their communities, men who earnestly devoted a week to conscientious discussion and study of the various questions touching banking and finance that are vital to the entire country.

The nation will derive benefit from the work of this War Convention, for there were several splendid papers and addresses, the effect of which will be to stir every banker not previously aroused, to put forth his maximum effort toward the winning of the war. All present were imbued anew with the spirit of American patriotism and will return to their desks more determined than ever to fully support the government and the business of the country in these perilous days.

All Chicago Bankers look forward with pleasant anticipation to the future when the Association shall again honor their city by holding its Convention here under conditions that will permit of a larger representation of delegates and their friends and a program of entertainment in keeping with former occasions of this kind.

A handwritten signature in cursive script, reading "J. M. Reynolds". The signature is written in dark ink and is positioned at the bottom of the page, below the main body of text.

CHICAGO

Population	2,665,000
Assessed valuation of prop- erty	\$1,062,959,000
Value of industrial production	2,605,139,000
Banking resources	2,238,313,000
Bank deposits	1,300,000,000
Annual earning power.....	1,000,000,000

CHICAGO is the commercial and transportation center of the continent; the distributing center of the United States and the financial center of the west.

CHICAGO is the world's greatest livestock, grain and lumber center. It is first in the distribution of dry goods, general merchandise, foodstuffs, machinery, wearing apparel, furniture and household requisites. It is America's market place: within a twelve-hour ride live 50,000,000 people.

CHICAGO holds, with few exceptions, a commanding place in every American industry.



TRANSACTING the largest commercial business and having the greatest volume of bank deposits of any State Bank or Trust Company in the West, The Merchants Loan and Trust Company Bank of Chicago employs the most approved, modern methods to insure the expeditious handling of the accounts of its city and out-of-town depositors. Through its Commercial, Savings, Trust, Bond, Farm Loan and Foreign Exchange Departments, this Bank offers liberal accommodations and unexcelled facilities in all branches of banking.

*THE CHARACTER OF THIS BANK IS REFLECTED IN THE
PERSONNEL OF ITS BOARD OF DIRECTORS*

FRANK H. ARMSTRONG	. . . . .	President Reid, Murdoch & Company
CLARENCE A. BURLEY	. . . . .	Attorney and Capitalist
R. T. CRANE, Jr.	. . . . .	President Crane Company
HENRY P. CROWELL	. . . . .	President Quaker Oats Company
HALE HOLDEN	. . . . .	Regional Director, U. S. Railroad Administration
MARVIN HUGHITT	. . . . .	Chairman Chicago & Northwestern Railway Company
EDMUND D. HULBERT	. . . . .	President
CHAUNCEY KEEP	. . . . .	Trustee Marshall Field Estate
CYRUS H. McCORMICK	. . . . .	President International Harvester Company
SEYMOUR MORRIS	. . . . .	Trustee L. Z. Leiter Estate
JOHN S. RUNNELLS	. . . . .	President Pullman Company
EDWARD L. RYERSON	. . . . .	Chairman Joseph T. Ryerson & Son
JOHN G. SHEDD	. . . . .	President Marshall Field & Company
ORSON SMITH	. . . . .	Chairman
JAMES P. SOPER	. . . . .	Vice-President Soper Lumber Company
MAJ. A. A. SPRAGUE	. . . . .	U. S. Army
MOSES J. WENTWORTH	. . . . .	Capitalist



Member Federal Reserve System

**Capital and Surplus
\$12,000,000**

***"Identified with Chicago's
Progress Since 1857"***

ESTABLISHED 1868

M. A. TRAYLOR
President
S. T. KILBO
Vice-President
G. F. EMERY
Cashier
A. W. AXTELL
Assistant Cashier
L. L. HOBBS
Assistant Cashier
D. R. KENDALL
Assistant Cashier
H. E. HERRICK
Assistant Cashier



Capital,
Surplus and
Undivided
Profits,
\$2,000,000

THE
LIVE STOCK EXCHANGE NATIONAL BANK
OF CHICAGO

LENDING ITS ENTIRE SUPPORT
TO THE LIVE STOCK INDUSTRY
— A WAR INDUSTRY OF FIRST
IMPORTANCE

YOUR PATRONAGE SOLICITED

city has as great or as mobile a supply. The wide range of skilled workmen employed in thousands of different manufacturing units insures that desirable condition. The stability of this great labor market finds its best guarantee, perhaps, in the three hundred and seventy thousand separate dwellings which make Philadelphia known as the "City of Homes." Nearly every workman has his own castle, which means right living and that domestic atmosphere productive of contentment and thrift.

PROMINENCE IN WAR INDUSTRIES

The part which the city is playing in the war is a good illustration of its resources in times of peace. Philadelphia proper can make more uniforms, hats, underclothes and socks for our armies than any other place in the United States. In normal times one hundred thousand workers are employed in its textile industry alone. In the manufacture of machinery, from the most gigantic lathes down to the most delicate instruments, the supremacy of this section is clearly established. One hat factory alone can make hats for the country faster than it can enlist its fighting men. In sugar refining, car building, saws, and a

dozen and one different lines, the magnitude of the resources of Philadelphia and its industrial leadership are appreciated by only a few even of its own people. In speaking of Philadelphia in an international sense, however, regard should be given to that greater industrial area of which Philadelphia is the natural centre—that metropolitan wheel of which the city is the hub. In this greater area there is a population in excess of three millions of people and a range of industrial activity that is not approached in any other part of the country. Close by is the greatest arms producing factory, the largest explosive and powder works on earth, which are given merely as high lights showing the impressive position which this section occupies in the industrial world, not to mention or to reiterate the leadership in shipbuilding production.

This region is not a clearing-house for what others produce. It is itself the producer, the creator, the manufacturer. No other one thing could so swiftly summon all the resources of a community or a people as the world war. Nothing else could so forcibly prove the latent strength, the inherent wealth and the great international commercial possibilities of this teeming centre of activity.

International Banking in Baltimore

By WALDO NEWCOMER,
President National Exchange Bank

A FEW months ago the Baltimore Clearing-House was requested to send to Washington a few bankers who were experts in foreign exchange, whereupon the fact was discovered that not a single National bank, state bank or trust company in the city maintained a foreign exchange department, and, with the exception of a private banking firm, no one appeared to have made any special study of its problems. This fact was a surprise to some people, but I am inclined to think that investigation would disclose a similar situation in the great majority of our cities and that it does not indicate lack of enterprise, but will be found to be due almost entirely to the conditions that have heretofore existed with reference to foreign exchange.

Just as London has for years been the acknowledged center for the world's transactions in international finance, so New York has become the center for such transactions originating in the United States, and there was accordingly no need for banks in other cities, particularly in the East, to establish direct relations with foreign correspondents.

Remember, too, that under the old National Bank Act all the national banks in Baltimore then kept half their reserve funds on deposit with their New York correspondents, and the purchase of a foreign draft for the account of one of these correspondents was equivalent to, and resulted in, the transfer of an equal amount of money from Baltimore to New York, while in a like manner the sale of one resulted in a transfer from New York to Baltimore. Now the amount of this business was comparatively small, as most of the grain and other commodities for export originated in the West, were shipped on through bills of lading, and the drafts in connection therewith were drawn at the point of original shipment, or the nearest large city, and handled through Chicago, St. Paul or elsewhere and usually in the manner indicated above, that is, for account of a New York bank. It will thus be seen that this was a convenient way to handle such transactions and that the establishment of foreign exchange departments in our banks and direct foreign connections would probably have been unnecessary and wasteful.

It is true that facilities are necessary to attract and increase business, but it is not wise to provide facilities for business which does not exist. For instance, a bank is necessary for a business community, but it would be the height of folly to establish a large bank in an unsettled part of the country, or even in a small town, and expect a business community to grow up there on

account of the bank. One must wait until the business develops a demand for the facility and then establish the latter on a sufficiently large scale to take care of any increase that may reasonably be expected. Accordingly, under conditions under which the foreign exchange business naturally flowed through New York, there has never in the past been a need for direct foreign connection in all the cities of the country.

There are several indications, however, that after the war is over there will be a change in these conditions and new problems will have to be faced, some of these changes affecting Baltimore particularly.

In the first place, we find a very important development taking place in the industries of this city. The Bethlehem Steel Company is making a tremendous enlargement, which is by no means entirely for war purposes. Then we have shipbuilding plants, industrial alcohol, chemical, fertilizer and other industries, either new or greatly enlarged, all of which are likely to develop an increased demand for foreign exchange, originating locally. There promises to be an enormous increase in our merchant marine, leading to the retention in this country, or the transfer to this country, of a large amount of freight money, formerly going to foreign owners. Coincident with this we look for the opening up of a large trade with South America. Baltimore's favorable location with respect to the Panama Canal, her deep water channel, fine harbor facilities, low port charges, and last, but not least, the well deserved reputation of her banks for honest and conservative management, all combine to assure her that she will have a full share in this development and must prepare her facilities accordingly.

There is a great deal of talk about the establishment of dollar exchange, that is making the American dollar the standard for international operations as the English pound is to-day. It is not easy to predict just what differences this would make nor what new problems it would introduce.

There is not, in my opinion, the slightest doubt that Baltimore will be fully prepared to handle her full share of all this business when it comes, but it remains to be seen whether she will do it by the establishment of foreign exchange departments in her banks and the opening of direct connections with banks abroad, or find that the presence of the Reserve Bank at her door, with the opportunities and facilities formerly held by the New York banks, and some advantages over them, offers a better method. We may be sure that the situation will be closely watched and studied and the best and most economical plan adopted.

Efficient Service Maintained

The organization of the National City Bank of Chicago has effectively adjusted itself to every demand war conditions have imposed upon it.

As with other institutions since April, 1917, when America entered the war, several hundred changes have been made in the working force of this bank.

In the face of these adverse conditions our organization has maintained its personality, and is rendering the same efficient service as before the war.

If you are considering opening a Chicago account or changing your present connection, we invite your inquiries.

The National City Bank of Chicago

DAVID R. FORGAN . . .	President
ALFRED L. BAKER . . .	Vice-President
H. E. OTTE . . .	Vice-President
F. A. CRANDALL . . .	Vice-President
ROBERT R. FORGAN . . .	Vice-President
WALKER G. McLAURY . . .	Cashier
W. D. DICKEY . . .	Assistant Cashier
HENRY MEYER . . .	Assistant Cashier
LEE A. KING . . .	Assistant Cashier
R. B. FUESSLE . . .	Assistant Cashier
T. R. THORSEN . . .	Assistant Cashier
S. P. JOHNSON . . .	Assistant Cashier
GEORGE L. WIRE, Attorney	

Bond Department

R. U. LANSING, Vice-President and Manager
M. K. BAKER, Assistant Manager
JOHN R. GRAY, Assistant Manager

Capital, Surplus and Profits over \$3,000,000

The Corn Exchange National Bank OF CHICAGO

OFFICERS

Ernest A. Hamill President
 Charles L. Hutchinson Vice-President
 D. A. Moulton Vice-President
 Owen T. Reeves, Jr. Vice-President
 J. Edward Maass Vice-President
 Norman J. Ford Vice-President
 James G. Wakefield Cashier
 Lewis E. Gary Assistant Cashier
 Edward F. Schoeneck Assistant Cashier
 James A. Walker Assistant Cashier
 Charles Novak Assistant Cashier
 Joseph C. Rovensky Assistant Cashier



DIRECTORS

Watson F. Blair
 Chauncey B. Borland
 Edward B. Butler
 Benjamin Carpenter
 Clyde M. Carr
 Ernest A. Hamill
 Charles H. Hulburd
 Charles L. Hutchinson
 Martin A. Ryerson
 J. Harry Selz
 Edward A. Shedd
 Robert J. Thorne
 Charles H. Wacker

Capital	.	.	\$3,000,000
Surplus	.	.	7,000,000
Undivided Profits			1,379,000

Foreign Exchange

Letters of Credit

Cable Transfers

Chicago—Its Opportunities and Advantages for Foreign Trade and Banking

By ARTHUR REYNOLDS,

Vice-President Continental and Commercial National Bank, Chicago

UNDER present circumstances and conditions it is fitting that each community take stock to ascertain what contributions it can make towards maintaining our foreign commerce at or near the record totals established during the war, or at least towards making new records for peace times. Chicago and the wonderfully rich region from which it draws will be able annually to turn hundreds of millions of dollars' worth of exportable products into the stream that will make this possible.

Chicago, within one night's ride of which live 50,000,000 people, is the natural center of a vast territory of almost unlimited resources. Tributary to this city are immense deposits of iron, copper, coal and other minerals, the mineral resources of Illinois, Indiana, Michigan, Iowa and Wisconsin exceeding the mineral wealth of twelve of the great western mining states. I think it is safe to assert that there is more and better live stock in the Mississippi Valley than in any other section of like size on the face of the globe. More than fifty per cent. of the cattle, seventy per cent. of the wheat, eighty per cent. of the oats and seventy per cent. of all the hogs produced in the United States, as well as over half of the world's corn crop, can be credited to this territory. Europe, Asia, South America and Africa must have the articles that can be made from these minerals and the food that is assured by these agricultural resources in ever-increasing quantities. There is no lack of transportation facilities, under normal conditions, for rapidly moving these raw products and the manufactures of the Mississippi Valley to seaboard, for more railroad mileage converges here than at any other point in this country, which surpasses all others in both mileage and railroad equipment. An extensive system of belt railways connects all the transportation lines that enter here; thus the quick and economical transfer of east and west and north and south bound freight is provided. Then there are the Great Lakes and the coming deep waterway to the Gulf of Mexico, with the advantages of cheap water transportation.

The City of Chicago, with its unequalled transportation system, places manufacturers in a position to distribute their exports to any place on the globe. During normal times through bills of lading may be secured direct to interior points in the various South American Republics, to the Orient, and elsewhere, at rates comparing favorably and in some cases lower than those quoted to exporters at seaboard. Es-

pecially does this apply to oriental consignments forwarded from the New England States. The transportation facilities provided by Chicago have induced more than one manufacturer to close his export office in the Eastern States and concentrate all international business in this city.

Chicago is also happily situated as a distributing point for imports. The tea exporter, for instance, in Japan may ship his tea on a through bill of lading to Chicago, stop his consignment at seaboard, Denver, Omaha, Kansas City, or wherever desired, and if the market where the tea is stored proves unsatisfactory, on the strength of the original bill of lading, he may, on the payment of a very modest fee, reassign the goods to a farther Eastern point.

In Indiana, Michigan, Illinois, Wisconsin, Iowa and other states that contribute much to Chicago is a large industrial population, including hundreds of thousands of skilled workers, innumerable great manufacturing plants and every facility for turning products of the forest, farm and mine into myriad merchantable articles which may be drawn upon to meet the demand for goods for export. A great many automobiles (both pleasure and commercial cars), builders' and carpenters' tools, stationary engines (operated by steam, oil and electricity), and hoisting and mining apparatus, are all manufactured in large quantities and find favor with the foreign buyer. In normal times church and school furniture is exported extensively from this district, especially to the various South American republics.

This city leads all others in packing-house products; it is the center of one of the greatest iron and steel making districts in the world; extensive farm implement plants, the output of which is in demand in every civilized country, are located here; and this is an important point for the manufacture of shoes and clothing. We have great jobbing houses in all the principal lines. The value of goods manufactured in Chicago alone during the year 1910 was \$1,281,313,000. Actual figures for 1917 are not available, but conservative estimates place the total for the latter year at \$2,500,000,000 for the city and \$5,000,000,000 for the state.

THE CITY'S BANKING FACILITIES

The banks of Chicago are abundantly able to do their full part in helping to finance the export business of the country and especially that originating West of the Alleghenies. The figures published the first of September showed the total deposits of Chi-

The National Bank of the REPUBLIC OF CHICAGO

Cable Address :

REPUBLIC
CHICAGO

Codes used:

BENTLEY'S
LIEBER'S

Current Accounts
opened on very favorable terms.

Deposits Received
and interest allowed thereon.

Bills Collected
throughout the United States and returns promptly made.

Commercial Credits
granted covering exports and imports.

Foreign Exchange
bought and sold.

Mail and Cable
transfers effected.

Commercial Information
furnished on subjects of general interest for promoting international trade.



RESOURCES

THIRTY-SEVEN MILLION DOLLARS

BY establishing relations with this bank an opportunity is afforded to banks throughout the world to deal direct with CHICAGO, "The Great Central Market."

cago banks to be \$1,387,000,000. Items passing through the local clearing house in 1917 amounted to \$24,974,974,000. Most of the large banks in Chicago and other financial centers in this section have connections in the principal cities of the world, maintain well equipped foreign banking departments under the supervision of experienced managers, and will gladly employ their resources in the further development of the trade of America.

In the past Chicago bankers have always responded to increases in industrial and commercial activity by enlarging their capital and broadening their facilities. Despite the fact that the city and this whole section of country have developed at a pace never before equaled, manufacturers and merchants have always found the local banks prepared. This policy of supplying the need will continue as the guiding spirit in our great and growing banking institutions.

In nearly every utterance relative to foreign trade, the statement is made that banks

must be established at foreign points by American bankers as part of a general plan. In this respect the banks of Chicago are in the same position as those of New York, London or any other city. It is useless to open a bank where there is no trade. Banking being the instrument and not the creator of commerce, it cannot lead in the development. Whenever enough business materializes between Chicago and Buenos Aires, Valparaiso, Hong Kong, Moscow or other foreign cities, to warrant Chicago banks in locating agencies at any one or all of such places, the necessary action will be taken without delay.

As an evidence of the increasing importance of this city as a financial center, the prompt flotation of the Armour bond issue of \$50,000,000 recently underwritten by local banks and bond dealers may be cited, also the marketing of \$5,000,000 of Chinese bonds, and our financial institutions may be relied upon to participate in future large bond issues, both domestic and foreign.



Saint Louis

By JOHN G. LONSDALE

President National Bank of Commerce in St. Louis

INTERNATIONAL developments during the past four years have served to awaken in this country a lively interest in foreign trade. In fact, so much written and verbal discussion has been spent on the subject that it has become invested with a certain technical mysteriousness which does not properly belong to it. For, after all, foreign trade is but an extension of domestic trade, from which it does not fundamentally differ. Of course the goods intended for Latin America must be of different kind, must be packed differently, and must be sold by different methods, from those prepared for Mississippi consumption. But, likewise, there is a wide divergence in the character of goods and selling methods adapted, respectively, for the rural districts of Arkansas and the City of New York. Local customs and requirements must always be catered to.

In considering the foreign trade question for St. Louis, as for other cities in the United States, our thought must be principally concerned with post-war conditions, rather than with the present status of affairs. Under current circumstances, our problem is one of production rather than of marketing, because now we can dispose of more goods in foreign fields than the restrictions of national warfare will permit us to manufacture or ship. When peace

once more settles over warring Europe, we may expect keen competition in the West Indies, Mexico, and Latin America, where now our goods have a virtual monopoly. The ability of St. Louis merchants and manufacturers to hold our trade with countries to the south of us will then depend upon furnishing the correct solution to three problems. First is that of production: we must produce goods of such quality and price as will meet competition. Second is that of transportation: we must send our goods to the market promptly and at a not too burdensome cost. Third is right financing: we must be able to finance shipments without too much contravention of our customs, and, at the same time, in such manner as to comply in a satisfactory degree with the customs of the countries with whom we do business and to meet the competition of other nations seeking their trade.

Speaking of manufactured goods as a whole, nothing so tends to lower the cost of production as cheap coal. In this respect, St. Louis has no rivals among the large cities of the country. As regards raw materials, our advantages may be seen by citing a few specific facts. The center of population, which is gradually moving westward, is now but a short distance east of the city. The center of cereal production in the United States is in Missouri,



The Test of a Banking Institution

—lies in its ability to meet current problems, while making adequate plans for those of the future.

When our Nation went to war, The National Bank of Commerce in Saint Louis "joined the Service." We have lent our resources and facilities to the Government without stint, and have liberally served and financed our correspondent banks and all other customers engaged in essential business.

For the problems of peace, we are making fundamental preparation by protecting the strict liquidity of our assets. And, to help our clientele in initiating and fostering foreign trade relations, we have become the sole St. Louis agent and stockholder of the American Foreign Banking Corporation of New York City, which we helped to organize. Through this, and direct connections in foreign countries, we are prepared to finance every class of foreign business.

The National Bank of Commerce in Saint Louis

Capital, Surplus and Profits, \$13,700,000

John G. Lonsdale, President.

W. B. Cowen, Vice-President.

R. F. McNally, Vice-President and Cashier.

ST. LOUIS

Fourth city in the United States in population and in manufacturing output.

Population	820,000
Bank clearings	\$6,960,000,000
Total bank resources.....	\$520,000,000
Railway tonnage—	
Received	44,000,000
Shipped	31,000,000
Railway lines terminating in St. Louis....	26

St. Louis is the largest horse and mule market in the world. It also leads the world in the manufacture of tobacco. It is one of the principal cities of the United States in the manufacture and distribution of hardware, shoes, dry goods, lumber, and stoves and ranges; in fact, it is a large manufacturer and distributor of practically all staple products. As a primary fur and grain market its volume of business is very heavy. The breweries of St. Louis, which are required to close on December 1, are making preparations to engage in other lines of production. The river traffic, which was originally responsible for the growth of St. Louis, is being revived—a Federal barge line having recently been established.

Every phase of St. Louis' business and industry is characterized by stability; bank failures are almost unknown there.

Commercial Credits Acceptances

The Mississippi Valley Trust Company is a Federal Reserve Member. It finances bank and trade acceptances, and has a modern well equipped Banking Department for the efficient handling of bank and commercial accounts.

Mississippi Valley Trust Co.

Capital, Surplus and Profits over \$8,000,000

ST. LOUIS

a little north of St. Louis. The center of total farm production lies a bit to the southwest of St. Louis. In the Joplin district we find the country's principal supply of lead and zinc. St. Louis is situated at about the central point between the Western copper mines and the Great Lakes copper district, with excellent transportation facilities direct from the mines. St. Louis is the largest raw wool market in the United States. We are located midway between the great timber districts of the South and those of the North and West. In fact, it is but a fair summing up of the position of St. Louis, as regards raw materials, to quote its slogan, "The City Surrounded by the United States." We may conclude, then, as regards the production factor in our efforts to command foreign trade, that we stand without rival among the more important cities of the nation.

We come next to the question of transportation. The natural outlet for products of the St. Louis district bound for foreign countries is through the Gulf ports on the south. A great volume of the goods exported from here, whether to Europe or to the more southerly countries of America, finds egress in that direction, although a considerable volume consigned to Europe is routed via eastern ports. The freight rates by rail to the Gulf from St. Louis have always shown the lowering effect of river competition; and now, under plans already inaugurated, river transportation bids fair to supersede railways in the southern shipment of goods. St. Louis is eight hundred miles, by rail, from the port of New Orleans, but we are assured by Director Sanders of the Federal Barge Line, recently established on the Mississippi River, that the ultimate effect of river transportation on carrying charges will be such as to place St. Louis on an equality with cities having only a two hundred mile railroad haul to the sea. St. Louis will thus, at the very worst, be on a par with eastern ports of the United States, as regards all trade territory reached through the Panama Canal, because the City of New Orleans, through which our river-shipped goods will move, is six hundred miles nearer the Canal than is New York city. The whole of northern Mexico is more accessible to central United States by rail than by water; and in reaching that section by rail, this city possesses a very decided advantage over all other large cities of the United States. This is a fact which has borne fruit in an enormous volume of business that has grown up with Mexico, and is increasing month by month. To students of traffic conditions, it is a well-known fact that the prime essential to cheap transportation between two given points is a two-way haul; that is, the cars or vessels must be laden both going and coming. The imports and exports of St. Louis are well balanced—the former, consisting of coffee, spices,

sugar, manganese ore, hides, precious metals, hemp, and sisal—just about matching in weight and bulk her exports of machinery, photographic dry plates, drugs and chemicals, dry goods, hardware, shoes, stoves and ranges, and railway equipment.

The third general phase of foreign trade, the financial end, is quite as important as the other two. The banking laws and customs of this country do not conduce to the handling in large volume of paper of long maturity, even when speaking in terms of months. Hence, somehow or other—and we



JOHN G. LONSDALE

President National Bank of Commerce in St. Louis

speak not only for St. Louis, but for all cities of the United States desirous of entering the Latin American field—there must be evolved a method by which the long-time credits to which southern buyers are accustomed may be granted them, or else they must be induced to accept our usual terms. Perhaps the solution will be by mutual concession, they accepting a somewhat shortened maturity for their purchase obligations, while we in turn must make arrangements for discounting and carrying paper in some volume, running six to nine months. In St. Louis, plans for a discount bank along the lines of the established English institutions are already under way. The National Bank of Commerce in St. Louis, too, has become a stockholder and agent of the American Foreign Banking Corporation of New York, organized for the initiation

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$44,922,000

▲ STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

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FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . Asst. Cashier
JAMES R. LEAVELL . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

and fostering of export trade relations. We may conclude, by way of summary, that for financing Latin American trade when competition becomes rife after the war, St. Louis is not wholly prepared, but she is not "sleeping on the job," by any means.

The rehabilitation of the devastated districts of Europe will call for heavy imports for American goods and materials. St. Louis should get some share of this business, especially in railway cars and equipment, which are manufactured here in enormous volume.

A great advantage which St. Louis will possess in seeking after-the-war trade is

that her plants will require but little re-adjustment to peace conditions. This city has contributed heavily to the production of war materials, but there has been comparatively little of the process of changing plants to lines of manufacture entirely different from their normal output. Clothing and shoes are among the principal articles manufactured for direct war purposes.

All in all, we think St. Louis, in the "commercial war after the war," will make a record of success quite as striking as that she is now rolling up in all lines of patriotic endeavor.



Buffalo

By E. J. NEWELL,

Vice-President Peoples Bank, Buffalo, N. Y.

WAR, which has diverted the industrial activity of almost the entire world, has wrought the most startling changes in manufacturing centers of the United States and in none to a greater degree than in the City of Buffalo. For many years a commercial city, situated at the eastern terminus of the Great Lakes, where a mighty com-

merce from the world's greatest inland seas is transferred on steel rails to a populous eastern seaboard, Buffalo's chief attainments were in the handling of a constant flow of grain and ore from the West and the return shipment of coal and manufactured products from the East. A limited but diversified manufacturing industry had been built up

Resources, \$16,000,000.00

A. D. BISSELL,	-	-	-	-	-	President
C. R. HUNTLEY,	-	-	-	-	-	Vice-President
E. H. HUTCHINSON,	-	-	-	-	-	Vice-President
E. J. NEWELL,	-	-	-	-	-	Vice-President
HOWARD BISSELL,	-	-	-	-	-	Cashier
C. G. FEIL,	-	-	-	-	-	Ass't Cashier
A. J. ALLARD,	-	-	-	-	-	Ass't Cashier
G. H. BANGERT,	-	-	-	-	-	Ass't Cashier



Send us your BUFFALO Business
for quick returns. We make per-
sonal presentation of drafts, insisting
on definite disposition.

A Modern Bank with Modern
Service

Citizens Commercial Trust Company

Buffalo, New York

**Commercial Banking in all Details
Trust Company Functions**

**Correspondents throughout the United States
and Canada**

**Capital and Surplus, \$2,500,000.00
Resources over - 26,000,000.00**

Member Federal Reserve System

BUFFALO

Population	500,000
Bank deposits	\$345,343,165
Charities (1917)	\$ 4,250,000
Liberty Loans (first three)	\$142,000,000
Lake tonnage	10,000,000
Elevator (bushel capacity)	28,250,000
Pig iron (tons)	2,000,000
Exports	\$217,120,265
Imports	\$67,715,077

BUFFALO scores 99 per cent in the essentials of successful manufacturing: RAW MATERIALS can be assembled at minimum cost by water and rail; TRANSPORTATION—15 railroads, the Great Lakes, and new Barge Canal; POWER—Hydro-electric from the Niagara River at low cost; LABOR—normally adequate and contented; CAPITAL—ample; MARKET—fifty million people and the great Atlantic ports within a night's ride; LIVING CONDITIONS—unexcelled.

in Buffalo, but it was not until the opening years of the present century that this city made substantial gains in production.

The returns of the United States Census Bureau afford the most authentic figures. During the five-year period from 1899 to 1904, Buffalo gained sixty new manufacturing establishments. In the five-year period ending in 1909 Buffalo's gain was 215 new establishments and in the last period for which statistics are available, 472 new industries, bringing the total number of manufacturing establishments in this city up to 2,225 in 1914. They now number 2,500. Outstanding features in this tremendous expansion of manufacturing in Buffalo were the production of iron and steel, the manufacture of diversified machines and materials from these basic products, a great increase in flour milling, a substantial increase in textile manufacture, in scientific instruments and in many other directions.

Before the outbreak of the war and especially before our participation in it, Buffalo, retaining its commanding position as a city of commerce, had grown to be an important industrial center, so that when increasing demands for the equipment and maintenance of our army in France began to be felt Buffalo was looked to to supply a tremendous amount of such material. Parallel to a growing commerce and rapidly increasing manufacturing industry, Buffalo's banking institutions had risen to the needs of greater business and made possible a large part of its gains. At the present time a large percentage of Buffalo's industries, particularly in iron and steel and their products, is devoted to the production of munitions and other necessities of war. Copper, brass and other alloys also are extensively manufactured in this city for war use.

Previous to the war, the Glenn H. Curtiss Company had established an aeroplane manufactory in Buffalo which quickly became an item of great consequence to our government. Reorganized as the Curtiss Aeroplane and Motor Corporation, the company has built and occupies several large plants and as this is written is entering upon quantity production of an accepted model for army use.

Buffalo's automobile industry, while not as extensive as that of some other communities, is still very important when quality and ability of performance were of vital consideration and many thousands of army trucks have been manufactured in this city and delivered to the Government. The great shops of the Pierce-Arrow Motor Car Company, employing over 7,000 mechanics, are in operation twenty-four hours of every day, turning out more thousands of army trucks.

Another important item of Buffalo's expansion is in the chemical industry. Factories in this city are now producing dye stuffs and chemicals, which all the world before the war thought could only be made in Germany. Still another industry in which

the patriotism and determination of a Buffalo corporation finally succeeded was the production of optical glass, another much needed product which it was assumed could only be made in Europe.

The city limits of Buffalo have not been extended for more than sixty years. Much of the new industrial life of the city is outside of its corporate limits. Inside what may be called the metropolitan district of



E. J. NEWELL

Vice-President Peoples Bank, Buffalo, N. Y.

Buffalo, including Niagara Falls with its electro-chemical industries, are many plants of vital importance to the success of the Allies. In short, Buffalo is producing almost everything which we know the Germans will not like the way it will be handed to them.

The same conditions which brought about the city's prosperity in pre-war days will exist when the great struggle is ended and Buffalo looks forward confidently. Few communities ever have been blessed with greater opportunities. The mighty Niagara River has been only partly harnessed. Its submission to the needs of humanity must and will be greater in the future and there is every reason to believe that one of the world's greatest industrial centers of the future will occupy the Niagara Frontier, a

city extending from Buffalo to Niagara Falls and all inclusive.

While striving for the material advantages which they have attained, the people of Buffalo never have lost sight of their other obligations and have met them with the liberal expenditure of money for the maintenance of healthful conditions, for the construction of adequate school facilities for the young, for parks and public playgrounds, for more than one hundred institutions for the relief of the sick and destitute, for beautiful streets and for every kind of social service which is deemed worthy.

Tenement houses are practically non-existent in Buffalo, the prevailing type of workman's home being a detached cottage or more pretentious two-family house, each enjoying an abundance of light and air with grass plot in front and a garden at the rear. Living conditions, including a market supplied from a rich agricultural country surrounding, are so attractive here that Buffalo has not suffered from migratory labor. On this point the United States Census Bureau says:

"Of the cities of New York State the greatest stability of employment was in Buffalo, where there was a variation of only 6.3 per cent. new employment of wage earners throughout the year."

A partial disclosure of Buffalo's tremendous gain since the outbreak of the war is contained in a report of the Statistical Bureau of the New York State Industrial Commission for 1917. This report indicates that the factory employees of the Buffalo district have profited considerably by the general increase of activity that has marked all the manufacturing undertakings of the Empire State. From the beginning of the war in April, and more especially since July, 1917, this city and adjacent villages experienced each month more activity than during the preceding month. Compared with November, 1914, Buffalo in November, 1917, increased its number of employees seventy per cent., whereas in the state as a whole the increase was but thirty per cent. Compared with November, 1915, Buffalo in November, 1917, increased its number of employees twenty-eight per cent. During these same periods there have been also large increases in the total paid out in wages. In November, 1914, the average weekly earnings in factories in Buffalo were \$14.13. In November, 1917, this average had increased to \$22.26. These increases include both men and women in shops and offices and show that Buffalo paid from \$1.75 to \$4.50 more per week to the individual workers than did establishments in the state as a whole.

The workers of Buffalo may be said to

be engaged primarily in occupations calling for skill, precision and training. Three-fourths of the workers for whom reports were filed are employed in the manufacture of metal goods, machinery and chemicals. The manufacturers of metal products and machinery employed the greater number of people. It is on account of the skill and training required that the employees in the metals and machinery occupations received the high wages quoted above. The metals and machinery group of industries employs about two-thirds of Buffalo's wage earners. Due to war contracts in the manufacture of articles needed directly or indirectly for the successful conduct of the war, many plants in this group made phenomenal progress. Factories were operated to capacity with night shifts and in many cases additional plants were built to accommodate the extra workers.

These conditions have brought home to Buffalo more clearly than ever before the industrial possibilities of the Niagara Frontier and there is no contemplation of any backward step at the end of the war. It is confidently believed that within a comparatively short period of time the whole Niagara Frontier from the falls along the river and through the Tonawandas to Buffalo and southward to include Lackawanna and along the lake shore will be one vast industrial city. The basis of the belief is a knowledge that almost unlimited hydro-electric power is obtainable from Niagara River and steps are already under way to double the present production of this power without increasing the diversion of waters from Niagara River, at present allowed by international agreement between the United States and Canada. It is believed that new treaties can be negotiated without difficulty and that a much greater percentage of potential power of the great volume of water flowing through the Niagara River can be obtained than at present. The needs of industry may even demand the surrender of the scenic beauties of the falls and gorge to economic needs, and the day may come when all the water is diverted from the American and Horseshoe Falls to power tubes and turned back for scenic effects on Sundays and holidays.

Since the beginning of the war Buffalo has gone "Over the Top" with such splendid regularity that a new phrase was needed, giving birth to "Buffalo Never Fails." Besides sending many thousands of the flower of her manhood into the great struggle, Buffalo has exceeded its quota in every one of the big campaigns for war purposes. There is no better place in which to work and live, no place affording greater opportunities or better living conditions.

The Industrial and Financial Greatness of Pittsburgh

[Prepared at the Request of the Bank of Pittsburgh, Pa.]

By J. O. BAGLIN,

Financial Editor Pittsburgh Gazette-Times

AS a man is known by his works, so the name of a city becomes synonymous with its chief products or its most prominent activities. When one speaks of the meat-packing trade he thinks of Chicago or Kansas City. Philadelphia is justly noted for its output of textiles, and New Orleans for its dominancy in the cotton market and one time in the sugar trade.

When the name of the city of Pittsburgh, Pennsylvania, is mentioned—no matter in what quarter of the globe the speaker happens to be—the person addressed, especially if he be an intelligent man of affairs, always visualizes the chief manufacturing center of the United States. The less informed still sees the "Smoky City," and thinks in terms of coal and coke, iron and steel. Very few persons, however, actually realize the magnitude and variety of the industries which contribute to Pittsburgh's eminence as a producer of the basic things needed by the rest of the world, nor the growth of the financial resources of the city which give sustenance to these industries.

Pittsburgh might properly be designated as the "Tonnage City of the World," because the volume of its annual commerce exceeds that of any city in either hemisphere. This tonnage has tripled in the fifteen years from 1900 to 1915, and since the outbreak of the great war the increase has been truly marvelous. In 1915, the latest year for which Government estimates are available, and which is the fairest basis upon which to make comparison, because of the revolutionary effects of the war, the combined tonnage of the four great maritime nations' ports, London, Hamburg, Marseilles and New York, was 104,627,420, while in the same year the tonnage of Pittsburgh reached 168,433,729 tons. The subjoined figures will bring out the comparison more graphically:

YEAR 1915	
	Tons
Port of Liverpool.....	23,263,471
Port of Marseilles.....	16,063,376
Port of London.....	25,129,064
Port of Hamburg.....	28,625,000
Port of New York.....	24,809,980
Suez Canal	19,409,425
Great Lakes (more than half of which enters into Pittsburgh's com- merce)	159,720,270
Pittsburgh's tonnage..	168,433,729

The transportation facilities provided by nature in the shape of three rivers—the

Monongahela, the Allegheny and the Ohio—have been supplemented by nine railroad trunk lines, and shipping facilities to the Atlantic and to the Pacific, and from the Great Lakes to the Gulf, carry Pittsburgh's products to all parts of the world.

While supreme in tonnage, the Pittsburgh Metropolitan District takes high standing in adding value to its natural products. Thus the United States Census in its last report estimated the value of the manufactured products of the city at \$578,815,493, and the Chamber of Commerce estimates the value of similar products for the calendar year 1918 at approximately \$1,000,000,000.

Within this city have also been developed some of the most valuable inventions whose use is now worldwide. The product of one of its sons of genius, the Westinghouse Air Brake, is known and utilized wherever railroads are operated. In Pittsburgh was fabricated and erected the first structural steel shapes which have made possible the "skyscrapers" of the great cities of the world. This city leads both America and Europe in the output of finished aluminum and it has the largest cork manufacturing plant on the globe. Pittsburgh capital developed the largest glass manufactories in the country, and since the war closed the factories of Belgium and France, Pittsburgh's output of plate glass, window glass, tableware, etc., has been taken by markets formerly supplied by Europe.

BANKING TRANSACTIONS

The population of this metropolitan district is approximately 1,250,000 and it includes a body of the most skilled mechanics to be found anywhere. The labor payroll of the district was conservatively estimated at \$1,500,000 a day before the extraordinary rise which took place this year in all kinds of skilled and unskilled labor. The great bulk of this enormous sum is paid in currency, which, perhaps, is one reason for the development of the banking facilities of the district, which are not surpassed by any other industrial section of the country. The expansion in bank clearings is reflected in the following figures, showing the exchanges of the Pittsburgh Clearing House for the first nine months of the three years indicated:



America's Oldest Bank West of Alleghanies

In February, 1810, the Bank of Pittsburgh was organized under "An Act relating to the Association of Individuals for the purpose of Banking," passed in 1808. The Institution was operated as a private Bank until 1814, at which time a State Charter was secured. In 1899 it entered the National Banking System and, during its existence of One Hundred and Eight years, it has been widely known for its solidity and conservatism. During its long career the Bank has successfully weathered every financial storm without loss or inconvenience to its depositors, and takes pleasure in offering its modern facilities to Merchants, Individuals, Corporations and Banking Institutions.

Capital, \$2,400,000 Surplus & Profits, \$4,114,000

Deposits, \$50,000,000

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W. M. KISER, Assistant Cashier

The Bank of Pittsburgh

National Association

Mellon National Bank

Pittsburgh, Pennsylvania

ESTABLISHED 1869

Capital - - - - \$6,000,000

Surplus - - - - 3,200,000

Resources over - - 100,000,000

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R. B. MELLON, Vice-President

A. C. KNOX, Vice-President

W. S. MITCHELL, Vice-President

A. W. McELDOWNEY, Vice-President

B. W. LEWIS, Cashier

H. S. ZIMMERMAN, Assistant Cashier

E. M. FOSTER, Assistant Cashier

Foreign Exchange Department

G. A. SCHRIEVER, Manager

W. H. THOMAS, Assistant Manager

The best facilities for complete foreign
banking service

Fully equipped to handle transactions of
any size

PITTSBURGH

PITTSBURGH, the "Tonnage City," has a population within its met- ropolitan district of.....	1,250,000
PITTSBURGH'S ton- nage (1915).....	168,433,729
Value of manufactured products for 1918 (esti- mated)	\$1,000,000,000
Banking resources	\$870,000,000
Bank clearings first nine months of 1916.....	\$2,453,349,740
Bank clearings first nine months of 1918.....	\$3,993,413,397
PITTSBURGH has 135 public school buildings representing an investment of \$20,000,000.	

	1918.	1917.	1916.
January	\$319,679,349	\$234,332,715	\$216,172,102
February	260,712,564	299,863,206	240,014,573
March	300,679,712	351,712,737	268,506,664
April	396,350,008	326,673,126	289,194,297
May	517,844,504	343,623,670	274,750,173
June	567,825,681	364,112,676	299,865,473
July	588,654,441	342,478,260	281,940,873
August	554,960,754	329,881,136	257,803,271
September.....	516,004,384	306,649,653	272,003,216
Totals	\$3,993,413,397	\$2,989,290,150	\$2,453,349,740

The chartered institutions of Pittsburgh proper number 81, with total capital of \$54,863,500, surplus and profits of \$99,000,000 and resources aggregating \$870,000,000.

The most significant event in the recent history of Pittsburgh has developed since the entrance of the United States in the war for democracy. This was the selection of this city as the site for the location of what is intended to be the greatest arsenal in the world. The plant is located on Neville Island at the head of the Ohio river and just below the junction of the Monongahela and Allegheny rivers. The initial appropriation was for \$50,000,000, and its construction was placed in the hands of the engineers of the United Steel Corporation. The real estate was acquired and work immediately begun, and by this time next year it is expected that this arsenal will be turning out the largest ordnance ever produced anywhere. Its complete equipment will require several times the original appropriation, and it is planned with the view to turning out small as well as large guns for the army and navy. In magnitude and capacity it will far surpass the famous Krupp Works in Germany, and while it is the hope of all civilized nations that the outcome of peace will forever make impossible a recurrence of the wastes of war it is the intention of the United States to place itself in such position that its very preparedness will act as a restraint upon any who might attack us or the principles we stand for; but if a conflagration should break out, jeopardizing our political or material interests, we shall have the means for instantly extinguishing it.

The location of this great plant here is significant because it is a recognition of the natural and acquired advantages of the Pittsburgh district in the matter of raw materials and transportation facilities. It will mean, eventually, the further improvement of Ohio river navigation, which will facilitate shipments, not alone of the Government's plant, but of the enormous volume

of products of mills and factories devoted to the activities of peace. It will eventually give more extensive water transportation from this district direct to the South and Southwest and through the Gulf to the Central and South American countries.

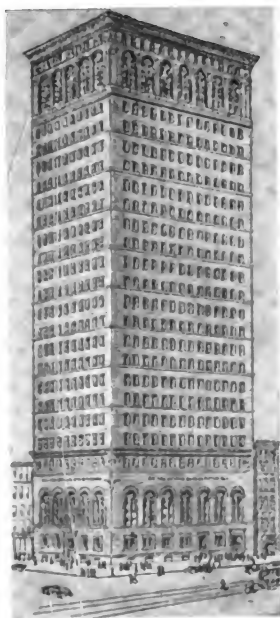
Pittsburgh, while contributing so much to the material resources of the nation, has not neglected the activities which contribute to the culture of the nation. In addition to its 135 public school buildings, representing an investment of \$20,000,000, it supports forty-seven private schools, colleges and universities, the latter embracing a technical school which before the war attracted students from all over the world, and a reference library which is a mine of wealth for savants in all professions.

Out of its abundance the city has contributed liberally for the prosecution of the war. Its quota of the First Liberty Loan was \$59,000,000 and it subscribed \$84,000,000. To the Second Liberty Loan it was asked to give \$85,000,000 and it poured \$146,000,000 into the Federal Treasury. For the Third Loan its quota was \$81,000,000 and it furnished \$95,000,000. It is now engaged in subscribing \$163,000,000, its quota for the Fourth Loan. Its aggregate for the four war loans will therefore approximate \$500,000,000. This sum, large as it is, does not fully represent the actual contributions of the district, for the reason that much of the means which are produced from its industrial activities is credited to other cities wherein are located the financial headquarters of the corporations which play the largest part in developing the district's greatness.

In its evolution Pittsburgh has developed from the Smoky City to the Tonnage City, and as a result of international war requirements it has been rechristened "The Armory of the Nation," meanwhile maintaining its prestige as a banking center with resources exceeding those of a half-score or more states combined.

First National Bank

at Pittsburgh, Pennsylvania



The facilities of the First National Bank at Pittsburgh, Pennsylvania, cover the entire Globe, as well as the district immediately surrounding the

MUNITION METROPOLIS OF THE UNITED STATES

We issue Foreign Drafts, Travelers' Cheques, Travelers' Letters of Credit, Commercial Letters of Credit for Financing Imports and Exports, Foreign Money Orders, and Make Remittances by Mail or Cable to all Parts of the World. Bills of Exchange and Foreign Money Bought and Sold Upon the Most Satisfactory Terms.

We cordially solicit your inquiries for rates

Capital	-	-	-	-	-	\$4,000,000.00
Surplus	-	-	-	-	-	1,000,000.00
Undivided Profits	-	-	-	-	-	519,710.08
Resources	-	-	-	-	-	36,265,784.56

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OSCAR WILSON, Assistant Cashier
S. B. THOMPSON, JR., Asst. Cashier

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THE FIFTH-THIRD NATIONAL BANK OF CINCINNATI

CAPITAL and SURPLUS
\$4,500,000

RESOURCES
Over \$46,000,000

Our Policy

is to be conservative, yet progressive; to grant terms consistent with sound banking principles; to keep our facilities and organization up-to-date for the conduct of all branches of foreign and domestic banking.



Our Service

has been developed and perfected through more than half a century of banking. An intimate knowledge of the requirements of banks and the personal attention from specially qualified officers enables us to accommodate customers at all times in every reasonable way.



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EDW. A. SEITER, Vice-President
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CHAS. H. SHIELDS, Asst. Cashier
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FRED'K J. MAYER, Asst. Cashier
SAM. McFARLAND, Asst. Cashier
EDW. A. VOSMER, Asst. Cashier



CINCINNATI

Area, about seventy-two square miles, immediately surrounded by other cities in Ohio and Kentucky, making one community with a population of 630,000. Population of Cincinnati corporation alone, 410,000—seventy-nine per cent being native-born whites.

Number of manufacturing establishments, 2,629.

Near center of population in United States.

Gateway to the South, and natural distributing point to North, South, East and West.

Terminal of 17 railroads.

Seventy-five per cent of the people of the United States live within 600 miles; thirty-three per cent within 400 miles. In this district is a great agricultural, mining and manufacturing population. 13.1 per cent of the manufacturing of the United States is done in Cincinnati's nearest market territory, Ohio, West Virginia, Kentucky, Tennessee, and Indiana. On account of central location and favorable freight rates, for a country-wide distribution the cost of freight on output is less than for any other city.

Remarkably low cost of fuel and power. Coal by both rail and river (no shortage) from Pennsylvania, West Virginia and Eastern Kentucky fields—the best in the country as proved by government tests. Practically unlimited supply, great variety, bituminous and semi-bituminous. Steam coal delivered under normal conditions for \$1.60 to \$2.00 per ton up.

Preparations Cincinnati is Making for Foreign Trade

By CHAS. A. HINSCH

CINCINNATI is looked upon as the Gateway to the South, and as such is an important railroad center, and Government Engineers are now engaged in developing plans which will add very materially to our importance in this respect.

These engineers have stated that of all the projects presented to them for consideration the canalization of the Ohio River is the most deserving and gives the greatest promise as an inland waterway; at the same time suggesting that Congress make the necessary appropriation at an early date

in the handling and development of foreign trade, especially in view of the increase in this class of commerce which is certain to come at the close of the war.

ACTIVITIES OF THE BANK

The banks of Cincinnati have for years recognized the desirability of establishing trade relations with foreign countries, and most of the banks in this city are equipped with foreign departments prepared to buy and sell foreign exchange and to make advances in connection with the import or export of merchandise.

Furthermore, a number of them are closely identified as stockholders in banks especially organized to promote foreign trade. Banks in this city are anticipating a large expansion of foreign trade in this country with the advent of peace and are prepared to utilize to the fullest extent the facilities provided by the Federal Reserve Act pertaining to bank acceptances.

Cincinnati has been given a magnificent opportunity to assist the disabled soldier in re-entering civil life with his head up, as a producer and a still useful citizen. This city has been made headquarters of one of the seven districts formed by the Federal Board of Vocational Education. Our admirable facilities for education along specialized lines will enable us to do splendid work among the men who return from battle, unnecessarily fearful that their day of industrial activity is over.

The policy of the Federal Board will be to get the soldier out of uniform and back into civil life as soon as possible. He will shed his trappings and military discipline at the earliest moment. And when the helping hand is stretched out to him, when he is given necessary vocational training, and a job is found for him, the disabled soldier is going to feel that, contrary to a false tradition, republics are grateful.

We have led the world in the development of labor-saving machinery which resulted in production largely in excess of the domestic demand, and our lack of foreign markets for the sale of our products led to an industrial depression.

The breaking out of the world war stimulated a demand for our products that has been highly beneficial to the entire country. Many of us have for years advocated the creation of a merchant marine:

First—As an auxiliary for our battleships in the event of war;

Second—To promote our foreign trade.

We have been hampered for years by the necessity of delivering our products in foreign bottoms, thus entailing not only high cost of transportation, but also a delay in delivery.



CHAS. A. HINSCH

which will insure the locking and damming of the Ohio from Pittsburgh to Cairo.

All of the raw materials, coal, iron and wood are readily available to Cincinnati by rail and water. Cincinnati is essentially a manufacturing city and is probably engaged in making a larger diversity of products than any other city of its size in the country. It is a leader in the manufacture of machine tools and our products in this connection are known throughout the world.

The Cincinnati Chamber of Commerce has for years impressed upon our people the necessity of developing our foreign trade. In recognition of our interest in this subject the National Foreign Trade Council recently held its Fifth Annual Convention in our city, and Cincinnati is one of the fifteen leading cities of the United States selected for the establishing of courses of training



BANK OF DETROIT

DETROIT, MICHIGAN

Transit Department

With our direct connections and satisfactory arrangements with Banks in various parts of the country, we are in a position to offer quick service at a minimum of cost.

OFFICERS

JAMES COUZENS, President
EDMUND D. FISHER, Vice-President
JAMES T. WHITEHEAD, Vice-President
I. G. McCREERY, Vice-President

G. B. JUDSON, Cashier
R. B. GRIPMAN, Asst. Cashier
F. J. B-YER, Asst. Cashier
C. A. KINNEY, Asst. Cashier

DIRECTORS

DR. GEO. R. ANDREWS
JAMES COUZENS, President
W. L. DUNHAM, Vice-Pres., Highland Park
State Bank, Highland Park
ALONZO P. EWING, Vice-Pres. and Gen. Mgr.
Mich. Copper & Brass Co.
EDMUND D. FISHER, Vice-Pres.
HENRY FORD, President Ford Motor Company

ARTHUR J. LACY, Attorney
E. G. LIEBOLD, Gen. Sec. to Henry Ford
A. L. McMEANS, Sec'y Dodge Bros.
C. HAYWARD MURPHY, of Simon J. Murphy
Co.
JAMES T. WHITEHEAD, Pres. Whitehead &
H. H. RACKHAM, Capitalist
Kales Iron Works

OUR BOYS ACROSS

It is for each one of us to
omit no step to uphold
them there—and to make
for their safe return.

Union Trust Company
Detroit, Michigan

THE PEOPLES STATE BANK

Member Federal Reserve Bank



With nineteen branches in the city of Detroit, this bank is in the closest possible touch with the financial pulse of its territory, and is able to render a correspondingly efficient service.

Resources over \$80,000,000

OFFICERS

JAMES T. KEENA, President

JOHN W. STALEY, Vice-President

F. A. SCHULTE, Vice-President

JOHN R. BODDE, Vice-President

H. P. BORGMAN, Vice-President

R. W. SMYLIE, Vice-President

AUSTIN E. WING, Asst. to President

R. T. CUDMORE, Cashier

CHARLES H. AYERS, Asst. Cashier

ENOCH SMITH, Asst. Cashier

A. H. MOODY, Asst. Cashier

D. E. LEUTY, Asst. Cashier

WILLIAM BRAASCH, Asst. Cashier

CARROLL H. LAWSON, Bond Officer

GEORGE T. COURTNEY, Auditor

DIRECTORS

RUSSELL A. ALGER

GEORGE H. BARBOUR

W. T. BARBOUR

JOHN R. BODDE

H. P. BORGMAN

H. M. CAMPBELL

B. S. COLBURN

C. A. DuCHARME

JEREMIAH DWYER

FRANK J. HECKER

FRED W. HODGES

J. C. HUTCHINS

JAMES T. KEENA

H. B. LEDYARD

JAMES T. McMILLAN

R. S. MASON

FRED T. MORAN

M. J. MURPHY

W. HOWIE MUIR

T. H. NEWBERRY

HENRY RUSSEL

HUGO SCHERER

F. A. SCHULTE

ANGUS SMITH

R. W. SMYLIE

JOHN W. STALEY

HOMER WARREN

DETROIT, MICHIGAN

DETROIT

Population	900,000
Assessed valuation of property	\$1,174,517,700
Banking resources	405,133,000
Bank clearings, 1917.....	2,749,173,375
Exports	276,190,292
Imports	54,569,014

DETROIT has thirty different classes of manufacturing concerns with an annual production of over \$1,000,000 each, and forty concerns employing over 1,000 each.

DETROIT leads all other cities in the production of automobiles, stoves, varnish, paints, adding machines, pharmaceutical supplies, chairs, overalls and pins. The value of automobiles manufactured in a single year alone was over \$300,000,000.

DETROIT is a city where the workers are intelligent, happy and prosperous—a city “where life is worth living.”

FIRST^{AND} OLD DETROIT NATIONAL BANK

Member Federal Reserve Bank

For well over half a century this institution has been closely identified with the progress of Detroit and the mid-lake region.

Today, as Michigan's largest commercial bank, it occupies perhaps the most dominant position in its history.

Capital and Surplus, \$7,500,000

OFFICERS

EMORY W. CLARK.....	President
WM. J. GRAY.....	Vice-President
WM. T. DeGRAFF.....	Vice-President
FRANK G. SMITH.....	Vice-President
EDWARD C. MAHLER.....	Vice-President
JOHN H. HART.....	Vice-President
WALTER G. NICHOLSON.....	Vice-President and Cashier
W. A. McWHINNEY.....	Assistant Cashier
ELMER E. FORD.....	Assistant Cashier
F. F. CHRISTIE.....	Assistant Cashier
RUSSELL E. SMITH.....	Assistant Cashier
JAMES A. WILSON.....	Assistant Cashier
BYRON W. CLUTE.....	Assistant Cashier
HENRY J. BRIDGMAN.....	Assistant Cashier
CHAS. H. WAGAR.....	Assistant Cashier
L. F. MERZ.....	Manager Foreign Exchange

DIRECTORS

J. Burgess Book
Lawrence D. Buhl
Roy D. Chapin
Emory W. Clark
James Craig, Jr.
Stanford T. Crapo
Joseph J. Crowley
James E. Davidson
Clinton G. Edgar

J. H. Emmert
Merton E. Farr
J. S. Farrand, Jr.
James H. Flinn
Dexter M. Ferry, Jr.
J. B. Ford
Ralph Gilchrist
Wm. J. Gray
Lewis H. Jones

Gilbert W. Lee
Eugene W. Lewis
Philip H. McMillan
Thomas Neal
W. C. Rands
E. D. Stair
Joseph B. Schlotman
Frederic B. Stevens
Elliott G. Stevenson

The United States Shipping Board is engaged in the construction of a magnificent merchant marine, and it is said that at the end of the war it will equal that of Great Britain, or about 25,000,000 tons. If we are to furnish employment for this splendid fleet, we must give consideration to foreign trade, and our merchants and manufacturers must begin to think in terms of ships and foreign trade, so that we will be in a position to furnish these ships with the cargoes that they must have, if we hope to win a full share of the world's trade.

The passage of the Federal Reserve Act has given encouragement to the establishment in this country of an open discount market, and the use of bank acceptances and trade acceptances has been well established. England for years has enjoyed an open discount market which has attracted the idle funds of the world, and London has thus become the financial center of the world.

At the end of the war the facilities made available by the Federal Reserve Act will be of great benefit in promoting our trade with foreign countries, especially with Central and South America; and in this connection the passage of the Webb-Pomerene Bill, permitting combinations in connection with foreign trade, will enable us to compete on equal terms with England, France and Germany. In each of these countries the Government has for years coöperated with the merchants and manufacturers, and in this way they have been able to present a united front in their efforts to secure a share of the world's trade.

Attention has been called to the fact that the purchasing power of the American dollar in many foreign markets ranges from twenty per cent. to twenty-five per cent. discount, and the suggestion has been made that the Federal Reserve Board should at this time establish branches of the Federal Reserve

Banks pursuant to the authority conferred upon them by the Federal Reserve Act. The Federal Reserve Board, however, does not regard this a propitious time for the establishment of Federal Reserve Banks, but these branches will in all probability be established at the conclusion of the war when conditions are restored to a more normal basis.

Attention is called to the fact that Secretary of the Treasury McAdoo has asked Congress for power to establish credits in foreign countries to aid in stabilizing exchange rates.

The Federal Reserve Act authorizes member banks having a capital of \$1,000,000 or more to establish branches in foreign countries, subject to the approval of the Federal Reserve Board. The law, however, was subsequently amended authorizing member banks to take stock in banks organized to promote foreign trade. Quite a number of institutions have been established pursuant to this amendment, and it is believed that they will be potent factors in building up our foreign trade and through this medium we can hope to secure credit information that will be invaluable.

America is the richest nation upon the earth, and at the conclusion of the war we will probably find it necessary to shoulder the burden of the rehabilitation period. We must not falter in responding to this call of destiny. Opportunities will be presented for alleviating the distress of suffering humanity unparalleled in the world's history.

On the whole the outlook is encouraging for an extension of our foreign trade. We have emerged from our policy of isolation, and now that we have become a world power we must give consideration to the securing of a share of the world's trade if we hope to retain our position as one of the leading nations of the earth.

Detroit

EDMUND D. FISHER
Vice-President Bank of Detroit

DETROIT, as a prominent factor in the great war movement for world sanity and permanent peace, is proud to be a city founded and developed by so many of the Allied nations. Settled under the French flag, twice under the banner of England, and finally floating the Stars and Stripes, now more than ever an emblem of unity, Detroit has a broad international spirit that is truly American.

Its greatest industry has sent the automobile speeding to every corner of the earth; its aeroplanes now soaring over the battle front of many a European country are de-

fending the cause of righteousness; its vessels are plowing the waters of many foreign seas, transporting the food and powder, the shot and the shell to supply the Allied armies.

Since the far distant 1610, when the French first sailed through the silver and turquoise river that majestically flows between the United States and the Dominion of Canada, the representatives of most every nation of Europe have settled in Detroit, been factors in its development, and formed that composite of character, energy and progressiveness which is characteristic of the American people.



UNION COMMERCE

National Bank

OF CLEVELAND

Capital
\$4,000,000

Surplus and Profits
\$3,308,246

Total Resources
\$72,775,103

These items indicate the financial strength of this bank and its ability to meet the requirements of large business transactions.

In the departments of the bank and its official organization are supplied all the essentials of complete banking service.

Letters of credit and acceptances offer to our customers excellent facilities for foreign as well as domestic trade.

*"Expeditious Service now—
Long Experience taught Us How"*

Officers

WARREN S. HAYDEN	Chairman
GEORGE A. COULTON	President
GEORGE S. RUSSELL	Vice-President
WILLIAM E. WARD	Vice-President
ELMER E. CRESWELL	Vice-President
WILLIAM C. CAINE	Vice-President
WALTER C. SAUNDERS	Cashier
HARRY E. HILLS	Assistant Cashier
CARL R. LEE	Assistant Cashier
FRANK A. WHITE	Assistant Cashier
FRED W. COOK	Assistant Cashier
GEORGE Q. HALL	Assistant Cashier
EZRA W. BOURNE	Assistant Cashier

CLEVELAND

Population (Greater Cleveland).....	1,000,000
Assessed valuation of property.....	\$1,198,713,560
Banking resources	604,724,021
Bank deposits (August, 1918).....	510,192,270
Exports (estimated)	50,000,000
Imports (1917)	10,812,300

CLEVELAND has two hundred and one different classes of industrial concerns with a total annual production of over \$350,000,000. Forty of these concerns employ more than 1,000.

CLEVELAND leads all other cities in the production of stoves and furnaces, and is one of the great centers for the manufacture of automobiles and parts, iron and steel, paints, varnishes, foundry and machine shop products, electrical machinery, apparatus and supplies, and women's clothing.

CUYAHOGA COUNTY has contributed to the successful conduct of the war \$228,851,300 in liberty bonds, \$8,250,000 in thrift stamps (cash sales to October 2nd) and \$16,596,000 in contributions to the Red Cross, Y. M. C. A., etc.

CLEVELAND'S death rate for the first six months of 1918 was 7.1 per thousand.

DIRECTORS

W. M. ADDISON,
Vice-President & Cashier.

H. L. CABELL,
of Branch, Cabell & Co., Bankers &
Brokers.

T. M. CARRINGTON,
of Carrington & Co., Leaf Tobacconists.

T. A. CARY,
Capitalist.

GEORGE L. CHRISTIAN,
Attorney-at-Law.

S. DABNEY CRENSHAW,
Vice-President and Secretary Virginia-
Carolina Chemical Co.

CHARLES DAVENPORT,
Capitalist.

JOHN C. EASLEY,
President R. B. Chaffin & Co., Real
Estate.

O. H. FUNSTEN,
of Elam & Funsten, Real Estate.

W. M. HABLITON,
President Old Dominion Trust Co.

GEO. A. HOLDERNESS,
President Farmers Banking & Trust
Co., Tarboro, N. C.

EPPA HUNTON, Jr.,
Attorney-at-Law.

JOHN M. MILLER, Jr.,
President.

FREDERICK E. NOLTING,
Belgian Consul, Banker.

WILLIAM T. REED,
President Larus & Bro. Co.,
Tobacconists.

E. A. SAUNDERS, Jr.,
President E. A. Saunders' Sons' Co.
Wholesale Grocers.

F. SITTERDING,
Vice-President Virginia Railway and
Power Co.

I. STERN,
President Stern & Co., Inc., Wholesale
Boots and Shoes.

S. W. TRAVERS,
Treasurer Virginia-Carolina Chemical
Co.

JAMES G. TINSLEY,
Capitalist.

B. RAND WELLFORD,
Attorney-at-Law.

THOMAS S. WHEELWRIGHT,
President Virginia Railway and Power
Co.

F. D. WILLIAMS,
of F. D. Williams & Co., Tobacconists.

T. C. WILLIAMS, Jr.,
Capitalist.

JOHN T. WILSON,
President John T. Wilson Co., Inc.,
General Contractors.

HENRY W. WOOD,
of T. W. Wood & Sons, Wholesale
Seedsmen and Merchants.

COLEMAN WORTHAM,
of Davenport & Co., Insurance, Bankers
and Brokers.

JOHN G. WALKER,
President of Life Ins. Co. of Va.



A strong, live, progressive
institution, offering a ser-
vice which meets every
legitimate requirement

Capital, . \$2,000,000.00
Surplus, . \$1,000,000.00
Resources, \$30,000,000.00

OFFICERS

JOHN M. MILLER, Jr.,
President

W. M. ADDISON,
Vice-President

CHAS. R. BURNETT,
Vice-President

FRANK F. FAGAN,
Vice-President

ALEX. F. RYLAND,
Cashier

Assistant Cashiers

JAS. M. BALL, Jr.
W. P. SHELTON
O. S. MORTON
A. K. PARKER
S. E. BATES, Jr.
J. E. TYLER, Jr.
JNO. S. HAW, *Auditor*

FIRST NATIONAL BANK
Richmond, Virginia

RICHMOND

Richmond has a population of 155,000 and 191,000 within its metropolitan district. Location: On the edge of the great truck-gardening section; two hours from Hampton Roads, one of the world's great harbors; 54,000,000 people within radius of 600 miles. Industrial: Richmond has cheap and abundant raw materials, and fuel and power at low cost; \$36,387,460 invested in manufacturing enterprises, whose annual products have a selling value of over \$100,000,000; forty persons out of every one hundred of the population engaged in manufacturing and mechanical affairs. Financial: Richmond is the seat of the Federal Reserve Bank for the Fifth District; a national reserve city. Richmond banks have combined resources of \$130,000,000, a combined capital and surplus of \$19,286,054, and deposits of \$83,000,000; the clearings for the first ten months of 1917 were \$1,125,553,120, and for the same period in 1918 \$1,898,605,303.

AMERICAN NATIONAL BANK

RICHMOND, VA.

Capital and Surplus, \$1,700,000

Resources, \$19,000,000

SECURITY AND SERVICE

are the qualities
we offer for your
consideration in
choosing a de-
positary.



We are in touch
with the leading
banking houses
of the South and
offer you the ad-
vantage of our
valuable con-
nections.

OFFICERS

OLIVER J. SANDS, President

H. W. ROUNTREE

Vice-President

WM. C. CAMP

Vice-President

WALLER HOLLADAY

Vice-President

O. BAYLOR HILL

Cashier

D. W. DURRETT

Assistant Cashier

STAFFORD H. PARKER

Assistant Cashier

San Francisco's Golden Gate

By JOHN CLAUSEN,

Vice-President The Crocker National Bank of San Francisco

THE harbor of San Francisco, when it first met the enraptured gaze of Portola on the memorable first day of November in the year of 1769, possessed more advantages than others less richly endowed by nature. Since then its golden portals have been open the year around, and its bay has sheltered some of the largest of the world's vessels from the tempest of heavy seas and storms. Upon the greatest of the world's oceans and with a foreign commerce inviting activities to the seven seas, San Francisco can well boast that it not only is the gateway of the Far West but likewise the gateway to the Far East, and as Bret Harte well said "It is the warden of two continents."

Gazing out through the Golden Gate across the broad expanse of the Pacific, we look through the open door of China. What an inexhaustible market for our products!

Then there is Japan, rapidly winning a place in the sun and becoming western in constitution and commercial relationships. The opportunities for trade expansion in that market are incalculable.

The Philippines present a pleasing picture. While ten years ago we furnished the islands only a little over twenty-six per cent. of their imports, we now supply them fifty per cent. and it is very apparent that this figure could be materially increased if more adequate transportation facilities were available.

A warm welcome also awaits American representation and American made goods in all Australasian markets.

To the south there are the republics of Latin America, with enormous trade potentialities. Just how great this trade may become under systematic development, proper attention and encouragement can hardly be overestimated.

With such advantages San Francisco will surely not be so blind as to let go by the opportunity to increase her foreign trade.

TRANSPORTATION FACILITIES AND INTERNATIONAL BANKING CONNECTIONS

The war has made our people appreciate more than ever before that the United States cannot claim or hold commercial supremacy if we are inefficient on the seas. Up to recent times this country has not owned deep-sea tonnage and has paid to steamship lines owned in other countries many millions of dollars annually, for the purpose of transporting American goods to foreign markets and bringing to our shores the products we needed—not only did they derive enormous profits therefrom, but incidentally routed the trend of the trade to

flow into the channels most beneficial to their own interests.

In order to take our place in the world's trade, we need not only a well equipped merchant marine, but likewise an efficient American oversea banking system in caring for and more quickly promoting our business and financial interests with foreign countries. Our international relations can-



JOHN CLAUSEN

Vice-President The Crocker National Bank of San Francisco

not be successfully developed so long as it is necessary to operate through banking institutions of competing countries. We are all aware that there is an undoubted tendency on the part of our commercial element in an endeavor to enlarge the scope of functions performed by banks. It is possible that the conservatism natural and proper to bankers leads them to view such progressiveness too critically, but just as the conception of a banker's function has been vastly widened since the days of old, so the process will continue in the days that are to come.

It is time that we depart from antiquated practices by adopting real activities along

“Service” has no Synonym—

¶ Perhaps it is unfortunate that the English tongue has no adequate synonym for the word “Service.”

¶ In recent years “Service” has appeared so often in print that the word has lost much of its force—its “punch,” as we say.

¶ Whatever may be the limitations of our language, there is nevertheless no loss of force or “punch” in the actual *doing* of the thing, so far as the Commerce Banks are concerned.

¶ EVERY BANKING SERVICE
is our daily attainment.

**Southwest National
Bank of Commerce**

**Commerce Trust
Company**

W. T. KEMPER, Chairman

J. W. PERRY, Pres.

W. S. McLUCAS, Pres.

In the Commerce Bldg.

Kansas City

KANSAS CITY

WAR CONTRACTS—

Persons Employed.....	13,000
Products	\$39,000,000

LIVE STOCK—

Average monthly number live stock received.....	624,000
Average monthly value.....	\$34,778,000

BANKING—

Total resources	\$352,392,000
Average monthly clearings.	812,000,000

New England National Bank

OF KANSAS CITY, MO.

Established 1889

CAPITAL AND SURPLUS

\$1,500,000.00

DEPOSITS

\$20,000,000.00

Officers

JOHN F. DOWNING, President

PHILIP S. WALTON, Vice-President

FREDERICK T. CHILDS, Vice-President

GEORGE G. MOORE, Cashier

PROCTOR M. MASTERS, Asst Cashier

new and improved lines. Everything that will add to the ability of this country to hold its rightful position in foreign trade should be encouraged and developed to the utmost of human endeavor.

The suggestion has frequently been made

that the larger Pacific Coast banks combine in the organization of a Pan-Pacific bank, but no concerted action has been taken and with the enterprising East, therefore, rests the control of American banking interests in foreign countries.



Portland, Oregon

By **EDGAR H. SENSENISCH,**

Cashier Northwestern National Bank, Portland, Oregon

PORTLAND, Oregon, is enjoying the greatest prosperity in its history. During the past two years the city's industries have developed by leaps and bounds and its payrolls have long since passed the fondest hopes of but a few years ago. The products of the forests, the farms and the streams in Portland's territory have never before yielded such abundant returns. The wholesale and retail trades report record business volumes. The city's financial resources have grown steadily and rapidly during the past two decades, but their present rate of increase is unprecedented and a record growth will undoubtedly be made during the coming quarter.

DEVELOPMENT OF SHIPBUILDING

The chief factor in the city's present great industrial development is the shipbuilding industry. In the Portland district, twenty-two shipbuilding plants, five steel and seventeen wood, have been organized since 1916, and are now in full operation. At the time this is written (late September) these plants have launched 153 ships, 31 steel and 122 wooden, with a total tonnage of 681,300. Ships on the ways and under contract number more than a hundred. The contract price of ships built and those building or under contract exceeds \$250,000,000. More than forty thousand employees are receiving monthly wages in excess of \$4,500,000

from these plants. Allied industries, exclusive of lumber manufacturing, which are developing on a large scale employ an additional four thousand to five thousand men with a monthly payroll approximating \$500,000.

LUMBER INDUSTRY PROSPERING

Never before has there been so much activity in lumber manufacturing in this district as at present. Twenty-five thousand is a conservative estimate of the number of civilian employees engaged in the lumber mills and camps. In addition are the thousands who are connected with the Spruce Division of the American Army whose headquarters are located in this city.

Portland is the greatest lumber manufacturing center in the United States, and its importance in this industry will inevitably increase since it has adjacent to it the largest body of merchantable timber in the country. The exportation of lumber after the war will be a great factor in insuring Portland a position among the leading ports of the world.

GREAT VALUE OF AGRICULTURAL PRODUCTS

Based on the acreage seeded, the States of Oregon, Washington and Idaho should have produced 75,000,000 bushels of wheat, but owing to drouth and aphids, the crop shrunk about a third. High prices, however, put a valuation on the crop of about \$100,000,000, and make it the most valuable wheat crop ever produced in the three states. The oat crop is about fifty per cent. normal with a yield of about 13,500,000 bushels valued at \$11,000,000. The barley crop is about forty per cent. normal and valued at about \$8,000,000. About thirty-five per cent. of the wheat crop will be ground into flour in the Portland district. In normal times about sixty per cent. of our wheat crop is exported either in the grain or in flour. Before the war, Portland was the greatest export point on the coast, and one of the largest in the United States. The importance of the city in the exportation of wheat will undoubtedly increase considerably following the close of the war when sufficient cargo space is again available and charter rates have dropped to nearer normal. The Columbia River Canyon in the Cascades is the only natural gateway to the inland empire, the grain producing section of the Northwest. This gateway provides down-grade transportation facilities at lowest costs. Portland's favorable location at the ocean end of the gateway—"Freight rolls into Portland"—insures its preëminence as a Pacific Coast export point.

Portland is the most important live stock center west of Omaha. The live stock industry of the Pacific Northwest is of large and increasing importance. In the Columbia River territory, there are approximately

2,807,000 cattle, 7,211,000 sheep and 1,131,000 swine with a total valuation of about \$220,000,000. The development of this industry will be rapid and coincident with the development of range, irrigated areas, forage and fodder crops. The industry is largely financed through Portland. Four cattle loan companies alone located in this city have, since January 1 of this year, handled approximately \$35,000,000 cattle paper.

The Northwest produces 40 per cent. of the wool grown in the United States, and this city is the center of the great Northwestern industry. Portland is the only one of the five United States wool concentration points located west of St. Louis. Thus far this year about 16,000,000 pounds of wool valued at \$8,000,000 have been handled by Portland Wool Warehouse Companies.

The Columbia River Fish Industry, which is largely financed through Portland, will yield upwards of \$10,000,000 this year. Fresh fruits and canned goods are also yielding handsome returns, a great part of which will be distributed through this city.

PORTLAND'S BANKS

The consolidated statement of Portland's twenty-four banking institutions issued August 31 of this year showed a capital investment of \$14,174,000 or ten per cent. greater than that shown by any other Northwestern city. Combined deposits of the city's banks on the same date were \$107,621,038.87. Combined deposits June 30, 1917, were \$91,692,230.73, and for June 30th, 1910, were \$66,580,836.65. These figures indicate a growth of over sixty per cent. in bank deposits in eight years. At present deposits are "jumping" faster than ever before.

No better evidence of Portland's commercial and industrial activity and growth can be furnished than the city's record of bank clearings. The clearings for the year 1910 were \$517,171,867.57; for 1917, \$868,530,223.07, a gain of sixty-seven per cent. in seven years. For the first eight months of 1918 clearings totaled \$758,801,368.03, a showing indicating clearings for the year 1918 of considerably in excess of one billion dollars. Clearings reported for the week ending September 23, 1918, were \$32,261,315.20, against \$16,992,484.35 for the same week last year, a gain in one year of practically one hundred per cent.

The city's present remarkable industrial development is indisputable evidence of her potential power as a great commercial center. Her favorable location as a port and the vastness of the industries which center here and which will insure outgoing cargoes to a practically unlimited extent are a sufficient guaranty of the important position the city will take in the future development of our foreign trade.

MINNEAPOLIS

MINNESOTA

FIRST AND SECURITY NATIONAL BANK



Capital and Surplus Ten Million Dollars

MINNEAPOLIS

MINNEAPOLIS is the greatest primary wheat market and flour manufacturing center in the world—the city to which the war-stricken globe looks for its most important food.

MINNEAPOLIS leads in the manufacture of farm implements, the vital war weapons of the home front.

MINNEAPOLIS is the home of Dunwoody Institute, which became the country's first great inland naval training station where thousands of trained men for our navy have been turned out.

MINNEAPOLIS citizens have made enviable records in war charity and war loans, every campaign returning heavy over-subscriptions.

MINNEAPOLIS' Junior Red Cross is the model for the nation.

MINNEAPOLIS' rapid fire Liberty Loan campaign organization also is a national model.

MINNEAPOLIS' great business organization, the Civic and Commerce Association, is devoting itself entirely to war work.

MINNEAPOLIS, with its University of Minnesota student training corps, its naval training station and aviation flying school, is a war camp.

MINNEAPOLIS is a healthy home city for every true American.

Omaha National Bank

Omaha, Nebraska

Established 1886

Capital	-	-	-	-	-	\$1,000,000.00
Surplus—Earned	-	-	-	-	-	1,000,000.00
Total Resources	-	-	-	-	-	30,000,000.00

J. H. Millard, President

Walter W. Head, Vice-President

B. A. Wilcox, Vice-President

Ezra Millard, Cashier

John A. Changstrom, Assistant Cashier

Ward M. Burgess, Vice-President

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OMAHA

Bank clearings	\$1,873,353,171
Factory output	\$ 327,721,546
Wholesaling	\$ 236,137,067
Live stock receipts (head)	7,565,830
Value packed meats.....	\$ 191,718,000
Grain receipts (bushels)...	66,462,100
Smelter output	\$ 59,247,165
New buildings	7,737,047

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Banking and Commercial Law

COMMENT AND REVIEW

"Bad Check" Law Adopted in New York

A NUMBER of the states now have on their statute books what is popularly known as the "bad check" law and on September 1st a statute of this character, enacted at the last legislative session, went into effect in the State of New York. The statutes, as they appear in the different states, differ considerably in their terms, but they all have the same object for existing and that is to simplify the prosecution of persons who make a habit of issuing checks with nothing in the bank to back them up.

It may seem strange, but prior to the enactment of these statutes, persons who were actually guilty of raising money by the use of fraudulent bank checks, frequently went unpunished because of the fact that the common law rules and the statutes punishing homogeneous offenses were not adaptable to this peculiar method of acquiring funds. Apart from a statute covering the situation, it was necessary to indict the fraudulent check floated for some such crime as swindling, larceny or obtaining goods under false pretenses. Among other things, in order to secure a conviction, it was usually necessary to establish a "pretense" on the part of the person charged. And there was a hard and fast rule to the effect that the pretense must be a representation as to an existing fact or past event; a representation as to something to take place in the future would not suffice. As it often happened that the best the district attorney could do was to show a representation that there would be funds at the bank when the

check was presented, more than a few guilty ones got off scot-free.

A Texas decision, *Martin v. State*, 35 S. W. Rep. 976, illustrates this very well. Martin, the defendant, delivered to a person by the name of Dunmore a check for \$178, signed in the name of the firm of Martin & Siler, in payment for twenty head of cattle. Martin assured the payee that he would have no trouble in getting his money. The check came back because there was no money in the drawee bank with which to pay it and Martin was apprehended and put on trial on a charge of swindling. But it was necessary to discharge him because the prosecution was unable to show that he had made a pretense as to an existing fact or a past event.

The following is quoted from the opinion written by the court:

The representation here made, as it appears, was not to an existing fact, but related to a future event and was in the nature of a representation or promise that the payee would have no trouble in obtaining the money on the check. No doubt Dunmore understood by the suggestion that the defendant had money in said bank or was authorized to draw against it; and doubtless the appellant (Martin) intended that he should so understand him. The indictment, however, contains no allegations to this effect and no innuendoes conveying this meaning, the sole averment being as stated above. In our opinion, before a defendant can be convicted of swindling, there must be a distinct and certain representation of an existing fact and the indictment must show such certain and distinct representation of the fact, either past or present. * * * The bare statement of the appellant, in connection with the delivery of the check to Dunmore, that he would have no trouble in getting his money, was not, in our view, equivalent to representing that he then had money in said bank, or that he was authorized to draw against it.

The enactment of a statute, expressly making it a crime to issue a worthless check, does away with the previously existing uncertainties of the law and makes it possible to convict where conviction is merited.

The New York law adds a new section to the penal code, which reads as follows:

§1992a. Obtaining money by fraudulent check, draft or order; how punished?—Any person who, with intent to defraud, shall make or draw or utter or deliver any check, draft or order for the payment of money upon any bank or other depository, knowing at the time of such making, drawing, uttering or delivering that the maker or drawer has not sufficient funds in or credit with such bank or other depository for the payment of such check, although no express representation is made in reference thereto, shall be guilty of attempted larceny, and if money or property is obtained from another thereby is guilty of larceny and punishable accordingly.

In any prosecution under this section as against the maker or drawer thereof, the making, drawing, uttering or delivering of a check, draft or order, payment of which is refused by the drawer because of lack of funds or credit, shall be prima facie evidence of intent of defraud and knowledge of insufficient funds in or credit with such bank or other depository, unless such maker or drawer shall have paid the drawee thereof the amount due thereon, together with interest and protest fees, within ten days after receiving notice that such check, draft or order has not been paid by the drawee.

The word "credit," as used herein, shall be construed to mean an arrangement or understanding with the bank or depository for the payment of such check, draft or order.

for the amount of \$100 by the Western Union. This instrument was endorsed as follows: J. J. Jones. Was such an endorsement complete?

I would ask again, is the prefix Mrs. or Miss or Mr. necessary for a legal endorsement?
SUBSCRIBER.

Answer: As a matter of banking practice the indorsement of the payee of a check, or other instrument, should correspond strictly to the form in which the indorser's name appears in the body of the instrument. A bank is justified in insisting upon an indorsement made in that manner. Whether the prefix "Mrs.," "Miss," or "Mr." should be included in or omitted from the indorsement depends on whether it appears or does not appear as part of the payee's name.

Considered as a question of law, however, the sufficiency of an indorsement hinges upon the intention of the indorser, rather than upon the form of the indorsement. The object of an indorsement is, of course, to transfer title to the instrument indorsed. If the payee of the instrument writes his name on the back of it with intent to transfer title, his object will not be defeated merely because his indorsement does not correspond letter for letter with the form in which his name is written on the face of the instrument. And a discrepancy of this character will not prevent the indorsee from enforcing his rights in the instrument.

In the case of *Cooper v. Bailey*, 52 Me. 230, there was involved a promissory note payable "to the order of A. J. Lynn and W. Perkins." With the consent and approval of Perkins, Lynn indorsed the note "Lynn & Perkins." It appeared that there was no firm known as Lynn & Perkins. Nevertheless it was held that the indorsement was sufficient.

In another case, *Brown v. Butchers'* etc. Bank, 6 Hill (N. Y.) 443, it was held that, where a person placed on the back of a bill of exchange the figures "1, 2, 8," with the intent that they should bind him as indorser, there was a valid indorsement, even though it appeared that the indorser was able to

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Form of Indorsement

Arkansas, October 19, 1918.

Editor, BANKERS MAGAZINE.

Sir:—I would inquire concerning the following:

A check made payable to Mrs. J. J. Jones

write. The decision does not explain the object of the indorser in indorsing in this manner. This is an extreme case, but it indicates very clearly that the form of an indorsement is not important in determining its legal sufficiency.

In Corpus Juris, Vol. 8, p. 352, the

following statement, concerning the form of an indorsement, is made:

There is no absolute rule as to what form of signature is necessary to bind one as indorser. He may become bound by any mark or designation, which he thinks proper to adopt, provided it is used as a substitute for his name and he intends to bind himself thereby.

Netherland Indian Government Intelligence Office and Exhibition in New York

THE success of the Netherland Indian Exhibition at the Panama Exposition at San Francisco was so great that it demonstrated how the distribution of the products of Java, Sumatra, the Moluccas and the other Dutch East Indian Islands did not cover all possible outlets; and as since the beginning of this century important extension of cultivation had taken place, there was every reason to bring the colonial produce more to the front in relatively new fields. Consequently the budget of 1917 contained an appropriation for the establishment of sample rooms in foreign countries. In pursuance of this authority the Netherland Indian Government Intelligence Office and Produce Sample Room has been opened at 11 South William street, New York, in charge of J. H. Muurling. A sample room furnishes information about the qualities and the kinds of products obtainable. Such displays lead to an extension of the sphere of action and that the manager is often consulted on matters of large importance so that the name of intelligence office is more appropriate. Visitors have made enquiries about banking customs in Batavia; about mining possibilities; about the yield of plantations; the expanse of the cocoanut oil industry, etc. A variety of questions only to be answered by a man with local knowledge and provided with up-to-date statistics and handbooks.

To a certain extent the Dutch East Indies were not unknown among the Far Eastern import merchants. Coffee and pepper, cassia and rattans had always found a ready and appreciative market in New York, while the manufacturers of quinine were dependent on Java for their supply of cinchona bark.

The tea trade was via Europe until two

years ago a Java expert introduced this brand here directly with the blenders and jobbers. Rubber has now become a leading line, perhaps to a great extent as the result of the investment of the United States Rubber Company in the Holland-America Plantation Co., with a capital of \$6,000,000, operating the most extensive plantations on the east coast of Sumatra, yielding already 4,000,000 pounds in 1916, over six millions last year, with the expectation of a still larger harvest when all the rubber trees are fullgrown.

IMPORTANCE OF COMMERCIAL RELATIONS BETWEEN THE UNITED STATES AND THE DUTCH EAST INDIES

The importance of the Dutch East Indies for the United States is well demonstrated by the fact that a leading New York bank has recently opened two branches in Java and that the Rockefeller group has acquired concessions for drilling oil wells. A leading coffee firm has had a branch at Batavia for thirty years, while a tea jobber has opened a purchasing agency at Batavia since the European war began. Java produces nearly 100 million pounds of tea, for which the shipping stringency does not provide a sufficient outlet. Sumatra has only lately proven successful in this line and if all the plans of 1913 are carried out the full production will amount to over 45,000,000 pounds per year by 1921.

These figures are inspiring for peace times and prove the immense possibilities of those "Pearls of the Orient." The rubber boom of 1906 brought much London capital to those islands, always open for any foreign investments. Notwithstanding the huge export stocks and the difficulties in buying

import goods, the Islands piled up their foreign trade in 1916 to figures larger than those of Brazil. The growth of exports was as shown: 1905, \$117,000,000; 1911, \$188,000,000; 1914, \$255,000,000, in which the United States shared directly with merely \$1,700,000, \$3,200,000 and \$2,771,000 for the respective years.

In the line of sugar there is now a definite overproduction, and because this article can not be stored for a long time in a tropical climate prices are below the operating figures. Of tobacco more than \$70,000,000 is piled up awaiting peace or a reduction of prohibitive import tariffs from other nations.

Tin mining in the Islands is over seventy years old. The "Banta" brand enjoys now a high reputation in Government circles for its purity.

The policy of the Dutch towards the natives is well described by an ex-Senator from Australia: "They have not only shown great ability in economic development, but great ability and humanity in governing native and subject races. The first and highest aim of the people of Holland has been to uplift and benefit the millions of natives under their charge and control. They have always been prepared to sacrifice revenue and material interests for the true welfare of the natives. They have confirmed the natives in the perpetual possession of the richest and best lands of Java. The taxation is not burdensome and large sums of money have been spent in the creation of native hospitals, Pasteur and vaccine in-

stitutes, to prevent the spread of infectious and contagious diseases; in the training of native doctors, and in the erection of thousands of schools for the scholastic and technical education of the native races.

"No greater eulogy can be paid to the rule of Holland in Java than the simple statement that when they first assumed control the native population was about four millions—desolated by internecine strife and impoverished by the rapacious rule of sultans and rajahs; to-day Java contains thirty millions of prosperous and contented natives. I believe in the whole annals of tropical government it would be difficult to discover an achievement more worthy of praise and emulation."

Dr. Watson, Chief of the Board of Health of Singapore, predicted that Sumatra at the end of this century would be the most prosperous island to be found in the tropics.

The Government combats the opium evil; it has organized rice banks to assist the native to be an independent farmer; it operates local financial credit banks and provincial banks if necessary with subsidies, but not sharing in the profits. It operates pawnshops to keep the native out of the hands of usurers, the cancer of the tropics. And it tries to teach home rule by the organization of municipalities and district councils. Under these conditions it is not surprising that an army of 34,000 men has been found sufficient to preserve order and peace among forty million people.

Bank Advertising Exchange

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Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Analey, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bise, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.

Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.

Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.

Ekirch, A. A., secretary, North Side Savings Bank, New York City.

Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.

Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.

Haskell, E. G., Barnett National Bank, Jacksonville, Fla.

Hatton, E. A., cashier, First National Bank, Del Rio, Tex.

Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.

Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.

Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.

Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.

Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.

Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.

Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.

Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.

Lann, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.

Logan, John, cashier, Columbus State Bank, Columbus, Mont.

Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.

McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.

Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.

Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.

Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.

Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.

Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.

Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.

Pooler, John, president, Federal National Bank, Washington, D. C.

Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.

Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.

Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.

Shepherd, George W., c/o International Trust Co., Boston, Mass.

Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.

Smith, A. C., vice-president, City National Bank, Clinton, Iowa.

Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.

Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.

Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.

Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.

Stewart, F. E., 1505 Jefferson St., Toledo, O.

Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.

Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.

Van Name, Miss M. I., 615 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.

Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.

Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.

Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.

Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

NEW NAMES

Johnson, E. W., Warren National Bank, Warren, Pa.

Nyc, Frank T., cashier, First National Bank, Northboro, Iowa.

Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in BANKING PUBLICITY

American Bankers Association

Forty-fourth Annual Convention at Chicago

CHICAGO has had the honor of entertaining the conventions of the American Bankers Association on several occasions, and always to the satisfaction of those who attended. In point of location Chicago has always possessed a great advantage as a convention city, while its railway facilities are unequalled. There are halls and auditoriums suitable for gatherings of any size, while the hotel accommodations are of the best. Long experience in handling conventions has also given to the city a special tactfulness in providing for the entertainment of large bodies of delegates. Besides, the bankers of Chicago—and no doubt the same observation would be true of other classes of the city's business men—have those qualities which make you feel at home there. They gave to the Forty-fourth Annual Convention of the American Bankers Association a most cordial welcome, provided every desirable facility for conducting the business of the convention, and furnished entertainment in keeping with the times.

All things considered, the attendance was good—just above 4,000 being registered—while the proceedings were of exceptional interest and value. Naturally, as had been the case at Atlantic City last year, patriotism was the keynote of the convention. It animated the addresses bristled in the resolutions, and once in the midst of a heated discussion about some minor detail relating to the association's work, proved the rallying-point around which the factions united and forgot their differences.

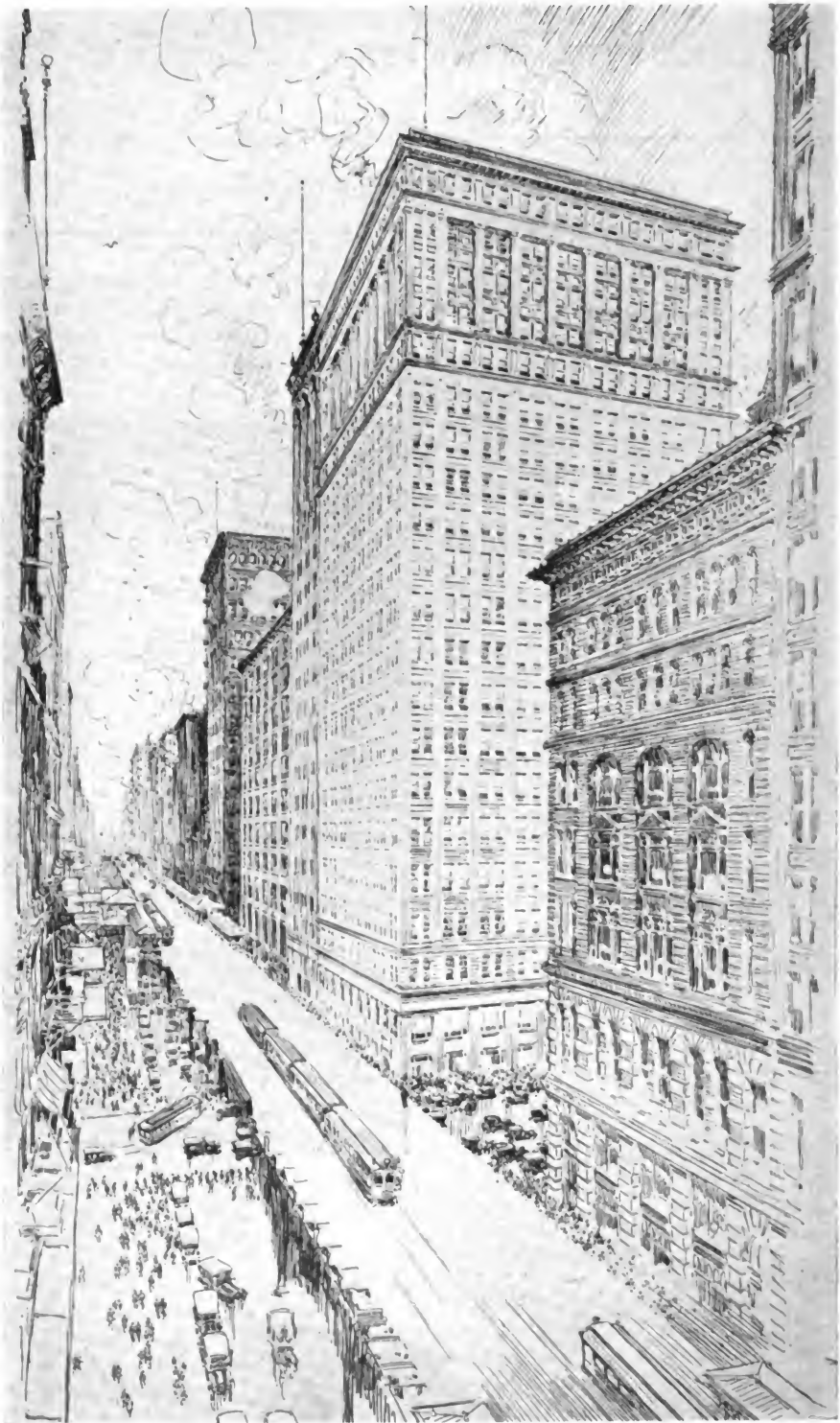
The nature of the proceedings of these conventions has changed greatly in recent years, and for the better. In the first place, the attendance is much

larger, thus giving to the meetings more of a popular character. The character of the deliberations is also different from the olden times. There are fewer



ROBERT F. MADDOX
President Atlanta National Bank;
President

long and tiresome reports and papers at the general session and a great deal more live discussion of matters in which all are interested. Many of the papers once presented before the general sessions of the convention are now read to



Wabash Avenue, Chicago, from Randolph Street looking South

those specially interested in the respective topics and who attend the meetings of the various sections. These sections now comprise the different varieties of banks in the United States and are fairly representative of the interests of each. If it has been the thought of any that the national banks preponderated in the organization and functions of the American Bankers Association, an inspection of the figures showing the division of membership among the institutions operating under Federal and State charters should dispel this belief. There are 8,669 chartered state banks, 6,223 national banks, 858 private banks, 1,668 trust companies and 1,526 savings banks included in the membership. Numerically the institutions operating under state laws are in the majority. Now that there are sections representing the state banks, trust companies, savings banks and national banks, there would seem to be no lack of provision within the organization for meeting the needs of all classes of regular banking institutions. Some of these sections have been in existence long enough to demonstrate the possibility of working together in complete harmony, and doubtless in time it will be found that all classes of banks can preserve their own interests within the ranks of the American Bankers Association.

The proceedings at Chicago were enlivened by two incidents which aroused much discussion and some feeling. One of these incidents was a proposal to organize a fidelity and burglary insurance company under the auspices of the American Bankers Association, which was voted down. The other related to the creation of an additional vice-president, which also failed to receive the approval of the convention.

All through the proceedings were manifestations of the patriotic spirit which animates the country, enlivening airs by the Great Lakes Naval Band, telegrams from the President of the United States and from Secretary McAdoo, and a telegram giving news of a great American and Allied drive, es-



RICHARD S. HAWES
Vice-President Third National Bank, St. Louis;
First Vice-President

pecially serving to arouse the enthusiasm of the delegates.

The telegram of President Wilson and the reply of President Hinsch are given below:

Charles A. Hinsch, President, American Bankers Association, Chicago, Ill.

Please present my cordial greetings to the bankers and express to them the gratification which I have felt in common with the whole country at the splendid spirit and efficiency with which the bankers of the country have assisted the Government in the all-important matter of the loans.

WOODROW WILSON.

Hon. Woodrow Wilson,
President of the United States,
Washington, D. C.

The delegates representing the membership of the American Bankers Association in convention assembled at Chicago, September twenty-sixth receive with deep appreciation your inspiring message of September twenty-fifth. Every ounce of energy and every resource at the command of the bankers of the nation are pledged to the cause of human freedom and inde-

1552
Lynch

"The Bank That Service Built"

THE SEABOARD NATIONAL BANK

of the City of New York

Opened 1883

		Capital	Surplus and Undivided Profits	Deposits
Sept.	22, 1884.....	\$500,000	\$89,000	\$1,542,000
Dec.	1, 1885.....	500,000	120,000	2,493,000
Oct.	7, 1886.....	500,000	117,000	2,766,000
Oct.	5, 1887.....	500,000	127,000	2,536,000
Oct.	4, 1888.....	500,000	127,000	4,293,000
Sept.	30, 1889.....	500,000	132,000	5,157,000
Oct.	2, 1890.....	500,000	166,000	4,907,000
Sept.	25, 1891.....	500,000	183,000	5,507,000
Sept.	30, 1892.....	500,000	205,000	6,225,000
Oct.	3, 1893.....	500,000	245,000	5,481,000
Oct.	2, 1894.....	500,000	228,000	6,686,000
Dec.	13, 1895.....	500,000	235,000	7,681,000
Oct.	6, 1896.....	500,000	279,000	7,606,000
Oct.	5, 1897.....	500,000	306,000	11,058,000
Sept.	20, 1898.....	500,000	384,000	12,826,000
Sept.	7, 1899.....	500,000	555,000	15,144,000
Sept.	5, 1900.....	500,000	743,000	15,967,000
Sept.	30, 1901.....	500,000	1,015,000	20,171,000
Sept.	15, 1902.....	500,000	1,157,000	23,003,000
Sept.	9, 1903.....	500,000	1,338,000	16,618,000
Sept.	6, 1904.....	500,000	1,409,000	21,548,000
Aug.	25, 1905.....	500,000	1,478,000	23,612,000
Sept.	4, 1906.....	1,000,000	1,183,000	25,863,000
Aug.	22, 1907.....	1,000,000	1,434,000	23,809,000
Sept.	23, 1908.....	1,000,000	1,649,000	37,517,000
Sept.	1, 1909.....	1,000,000	1,765,000	30,992,000
Sept.	1, 1910.....	1,000,000	1,960,000	26,157,000
Sept.	1, 1911.....	1,000,000	2,082,000	30,548,000
Sept.	4, 1912.....	1,000,000	2,226,000	39,592,000
Oct.	21, 1913.....	1,000,000	2,525,000	32,797,000
Sept.	12, 1914.....	1,000,000	2,725,000	33,023,000
Sept.	2, 1915.....	1,000,000	2,845,000	44,234,000
March	7, 1916.....	1,000,000	2,856,000	55,858,000
May	1, 1916.....	1,000,000	2,860,000	60,143,000
March	5, 1917.....	1,000,000	3,078,400	57,840,000
Sept.	11, 1917.....	1,000,000	3,316,500	57,660,000
Nov.	1, 1918.....	1,000,000	3,716,075	56,756,679

The success of this bank is founded upon a policy of painstaking,
efficient and courteous service to all

We Cordially Invite Business on This Record

S. G. BAYNE, President

C. C. THOMPSON, Vice-President

B. L. GILL, Vice-President

W. K. CLEVERLEY, Vice-President

L. N. DeVAUSNEY, Vice-President

H. W. DONOVAN, Cashier

O. M. JEFFERDS, Asst. Cashier

C. C. FISHER, Asst. Cashier

J. D. SMITH, Asst. Cashier

B. I. DADSON, Asst. Cashier

J. E. ORR, Asst. Cashier

pendence. We will loyally support and follow your lead as our Commander-in-Chief in the mobilization of every effort and every resource of America to the end that all the power and strength of this great land shall be made available for war on the common enemy until victory for the Allied arms shall have been attained and the world made safe for democracy.

CHARLES A. HINSCH,
President, American Bankers Association.

OUTLINE OF THE PROCEEDINGS

Governor Frank O. Lowden, in an appropriate speech, welcomed the bankers to Illinois, while W. T. Fenton, vice-president of the National Bank of the Republic, fittingly spoke in behalf of the Chicago banks as represented in their clearing-house association. After these preliminaries, the annual address was delivered by President Charles A. Hinsch, president of the Fifth-Third National Bank, Cincinnati. It is presented in full below.

SECRETARY'S REPORT

The year's work of the association was reviewed in the annual report of the secretary, and the following information given regarding the growth in membership and annual dues:

	Paid Membership	Annual Dues
Sept. 1, 1875	1,600	\$11,606.00
Sept. 1, 1885	1,395	10,940.00
Sept. 1, 1895	1,570	12,975.00
Aug. 31, 1905	7,677	127,750.00
Aug. 31, 1906	8,383	137,600.00
Aug. 31, 1907	9,251	150,795.00
Aug. 31, 1908	9,803	162,507.00
Aug. 31, 1909	10,682	175,352.00
Aug. 31, 1910	11,405	188,934.00
Aug. 31, 1911	12,072	198,530.00
Aug. 31, 1912	13,323	213,752.50
Aug. 31, 1913	14,100	229,324.48
Aug. 31, 1914	14,720	233,915.00
Aug. 14, 1915	15,010	245,651.00
Aug. 31, 1916	16,016	264,529.17
Aug. 31, 1917	17,328	302,705.00
Aug. 31, 1918	19,043	*332,490.78

* Estimated.

INCOME

Interest on bonds and corporate Stock	\$4,730.00
Interest on Bank balances (estimated)	2,200.00
Estimated annual dues for fiscal year ending Aug. 31, 1919....	332,490.78

Making total income, year ending Aug. 31, 1919.....\$339,420.78

Annual address of the President, Charles A. Hinsch:

Ladies and Gentlemen: In this most momentous year in modern history there have been changes whose import we will not fully comprehend until they have been sifted through the fingers of time. What we do comprehend is that we are all actors in a tragic drama which has been thrust upon us by the greed and ambition of Germany. Whether the transition in the world will be for good or ill, we do not know. The world of civilization is shaken to its foundations. The forces of society, of politics, of business, are working to a solution of the problems that present themselves for consideration from the rule of autocracy

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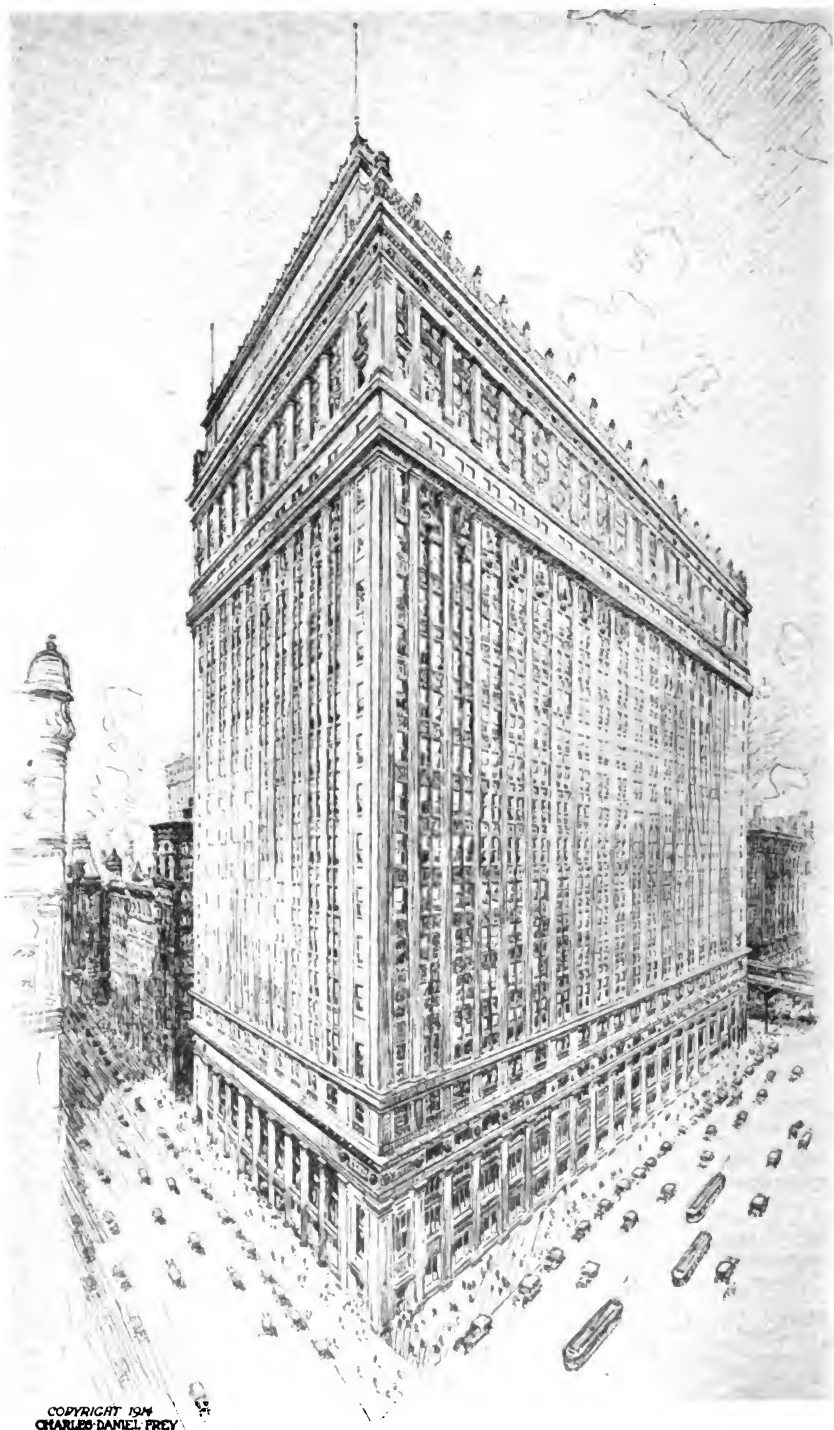
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to the rule of the people—from the control of the few to the control of the many. And all we understand is that it is our part to see that in the final evolution we, as a nation, survive and thus make secure the opportunity to carry the gospel of freedom to the ends of the earth, redeeming with our own future the future of those whose power to care for themselves is not so great as ours. We began this struggle not on April 6, 1917, but on July 4, 1776; we fought for it first at Concord and Lexington and we will fight for it last, if Providence so wills, when the last armed German has been beaten to the earth.

Not knowing what the future holds for us, but supremely confident of the justice and righteousness of our cause, we are gathered here to take an accounting—to make an inventory of our achievements and our situation in respect to those adjuncts and accessories of war defined as financial and economic. We seek this accounting and this inventory in no spirit of vain-glory—in no desire for self-congratulation, but humbly and prayerfully, that we may better plan the future and so organize our resources that we may successfully resist the processes of economic waste and disintegration.

The American Bankers Association enlisted for the war on April 6, 1917, and it has been fighting ever since. It is going to keep on fighting, not to the last dollar, but to the last unit of credit that our superb banking organization can provide.

We hereby reaffirm and renew our pledge of loyalty to the President, and rededicate our lives and fortunes to the attainment of a victorious peace. No peace that Germany will approve will satisfy America; we must not conclude a negotiated peace; nothing should be considered but an unconditional surrender. This war cannot, must not, end until the menace of the Hun is removed for all times.

LIBERTY BONDS AND WAR SAVING STAMPS

The banks of the nation have patriotically responded to the call for service, and have been potent factors in marketing ten billions of Liberty Bonds. In response to the call of Mr. Vanderlip, the American Bankers Association undertook the task of enrolling the banks as selling agents for the sale of War Savings Stamps and Thrift Stamps.

For five months the Association conducted a bureau in Washington for this purpose and eighteen thousand banks were enrolled in this service. At least seven thousand additional banks agreed to sell these securities, but declined to qualify as agents.

This is the greatest thrift campaign ever inaugurated and will have far-reaching effects. The habit of thrift once contracted



OLIVER J. SANDS

President American National Bank, Richmond;
President National Bank Section

will not readily be surrendered, and it is to be hoped that this movement will result in converting a nation of spenders into a nation of savers.

Never in the forty-five years of its existence has the American Bankers Association been so well equipped for great service as now.

MEMBERSHIP

The membership of the Association is now 19,043, a gain of 1,715 members for the year. That point has now been reached where we may truthfully say that the banks of the country need the Association fully as much as the Association needs the banks. If the best interests of the banking fraternity are to be served and the nation is to be given the most effective banking service, the banks must stand together, work together and strive for common ends. Never was unity of purpose so necessary. Never was coöperation so imperative as now. Nothing can resist the dynamic force of coöperation properly directed.

EFFICIENCY AND SERVICE

The demand of the hour is for efficiency in every line of endeavor, in service to the nation, to our allies, and to those with whom we come in touch in industrial pursuits.

In harmony with this spirit the American

One Hundred Years of Commercial Banking

*Condensed Statement of Condition
at the close of Business November 1, 1918*

Resources	
Loans and Discounts	\$80,409,514.85
United States Bonds (Par)	19,801,000.00
Other Stocks and Bonds	4,710,499.08
Customers' Liability	1,044,875.32
CASH AND EXCHANGES	\$4,662,112.63
	\$140,628,001.88

Liabilities	
Capital	\$3,500,000.00
Surplus and Undivided Profits	3,081,409.79
Circulation	2,247,760.00
Other Liabilities	18,870,775.32
DEPOSITS	112,928,856.77
	\$140,628,001.88

BRANCHES

Canal and Thompson Sts.
Bowery and Grand St.
Ninth Ave. and 14th St.
Broadway and 18th St.
5th Ave. and 33d St.
57th St. at 3d Ave.
Broadway and 61st St.
86th St. and Lexington Ave.
Broadway and 105th St.
Lenox Ave. and 116th St.
125th St. at Lenox Ave.
Broadway and 144th St.

OFFICERS

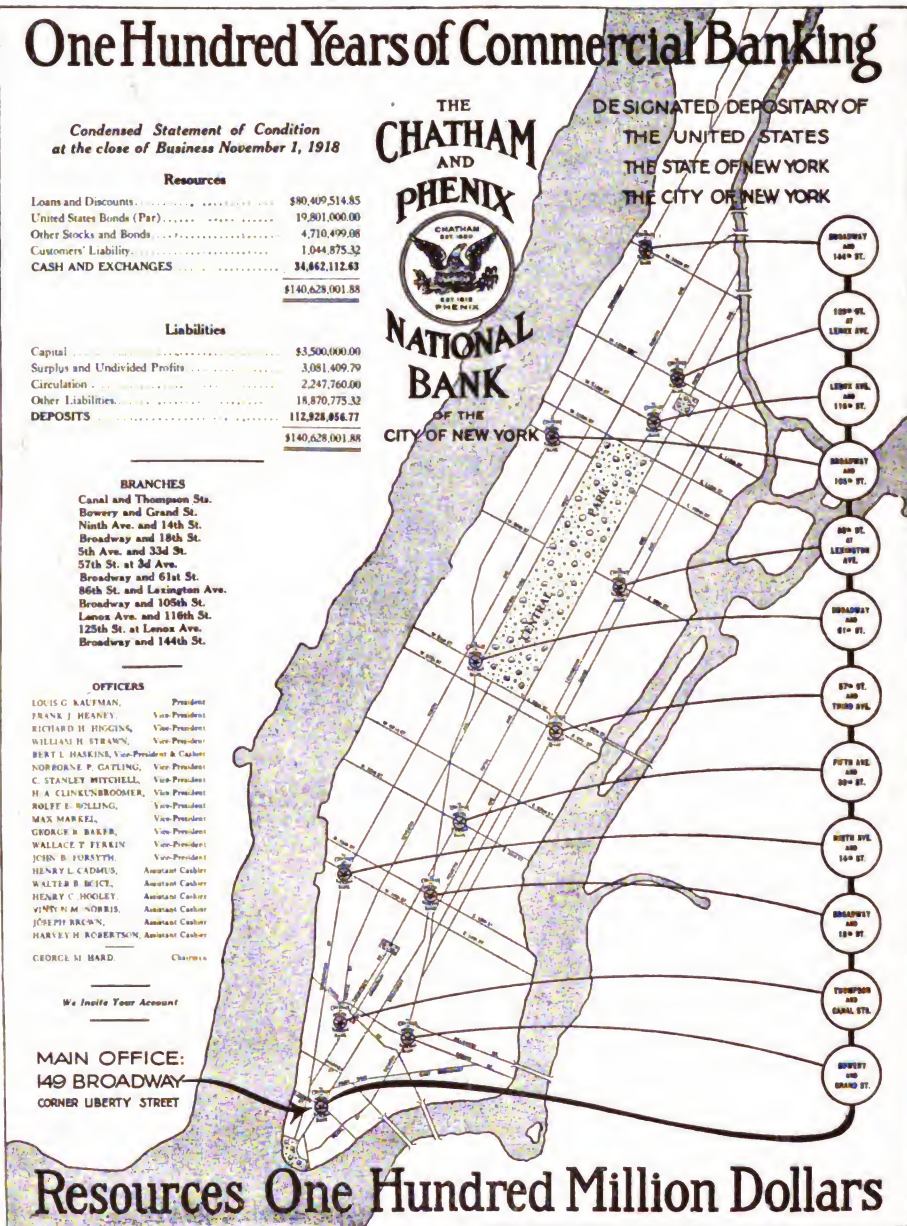
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THE STATE OF NEW YORK
THE CITY OF NEW YORK



Resources One Hundred Million Dollars

Bankers Association, in its desire to render the greatest possible degree of efficient service to its membership, will present to you through its Committee on Coördination of Activities, a number of amendments to the constitution, constructive in character, which, if adopted, we believe will result in a greater degree of coöperation among the several sections of the Association, and a coördination of the activities of the various State Associations with the American Bankers Association.

At the present time the administrative committee of the association consists of the president, vice-president, ex-president and two members selected from the executive council. It is now proposed to add to the committee the presidents of the four sections typifying the different classes of banking, viz: national, state, savings and trust.

In this way the heads of these several sections will participate in administering the affairs of the association and they will thus be brought in close touch with the aims and policies of the association as a whole, which will insure a coördination of effort and unity of purpose highly beneficial to the membership.

The vice-presidents of these sections should be members of the executive council and it is proposed that the constitution be so amended.

It is believed that these amendments, if adopted, will lead to team work that has not been possible of accomplishment in the past.

It is also proposed to give the several sections a greater degree of latitude in the matter of state and federal legislation. Under this plan, if a difference of opinion exists between two or more sections as to the wisdom or desirability of the passage of pending legislation, representatives from these sections are expected to attempt to adjust their differences. Failing to accomplish this purpose, they will be permitted to take such action in the premises as they may deem advisable, and may do so in the name of the section they represent. Obviously if representatives of two or more sections appear before committees in Congress with divergent views, they cannot expect to accomplish their purpose.

It is confidently believed, therefore, that this amendment to the constitution, if adopted, will be a potent factor in bringing about an amicable adjustment of differences that may exist between the sections.

"FIELD SERVICE"

The members of our association, generally speaking, are not aware of the services that we are prepared to render, and arrangements have been perfected by which the American Bankers Association will be represented hereafter at the annual conventions

of the various state bankers associations throughout the nation, by some one who can speak with authority and who has a knowledge of the aims and policies of the association. For this purpose the officers, members of the administrative committee and heads of departments will be drafted for field service.

Office conferences have been held at stated periods during the year by the officers and department heads in the general offices of the association, resulting in an exchange of ideas and a coördination of effort highly beneficial to the association.

It seems appropriate that I should at this time give expression to the deep sense of appreciation I feel for the loyal support and hearty coöperation extended me by the members of the administrative committee, officers of the association, heads of departments and, in fact, all identified with the activities of the general office.

They have all responded cheerfully to the call for service during the most trying period the association has ever experienced.

JOURNAL

The future policy of the publicity organ of the association, known as the Journal, has been the subject of considerable thought and discussion. It is believed that the membership would appreciate the publication of a weekly bulletin or magazine presenting terse, up-to-date information on subjects in which the bankers of the nation are interested.

Such a publication, however, would entail considerable expense, and in consideration of this subject, it was deemed advisable to respond to the insistent demand that has been made for advertising space in our publication. This proposition received the unanimous approval of the executive council at the recent meeting held at Hot Springs. The revenue derived therefrom will enable the association to issue a weekly, in lieu of the monthly publication.

Considerable discussion has taken place from time to time, relative to moving the general offices to Washington. This subject was considered by the committee on coördination, who deemed it inadvisable at this time to recommend the proposed change.

The committee will, however, recommend to you that the association establish an office and maintain a representative in Washington, which will enable it to keep in close touch with the Federal Reserve Board, Treasury Department and pending legislation affecting the banking interests.

These changes and developments with suggestions of minor importance should place the association in such a position that membership in it will be indispensable to the banker who wishes to keep abreast of the times, and discharge his full duty to himself and his community. The aim is



Corn Exchange National Bank Building, Chicago

to give the American Bankers Association the equipment necessary to serve all the needs of its members.

FIDELITY AND BURGLARY INSURANCE

There has been an insistent demand for a number of years that consideration be given to the question of organizing a company within the membership of the American Bankers Association, devoted to the writing of fidelity and burglary insurance for member banks, this demand being the product of the belief that the rates now charged by the old line companies are out of harmony with the risk assumed.

At the Atlantic City convention a special committee was authorized to consider this subject. The committee devoted considerable time to the preparation of data, which was presented at the spring meeting, with the recommendation that the executive council take favorable action in advocating the organization of an insurance company along the lines suggested. The executive council approved the suggestion and the proposition will be presented to you at this meeting for final action.

It is the belief of the committee that a company organized along the lines suggested, under proper management, can extend rates materially lower than those now charged, and at the same time pay reasonable dividends upon the capital invested. It is distinctly understood that if the company is organized, it will not adopt a title that will indicate that the American Bankers Association is either directly or indirectly identified with the movement. If the company is launched, the American Bankers Association will not have any financial interest in the enterprise, nor any voice in its management, and will therefore not in any way be responsible for its future.

FEDERAL RESERVE CAMPAIGN COMMITTEE

The American Bankers Association in June, 1917, was instrumental in securing the passage of amendments to the Federal Reserve Act designed to meet all the objections which had been raised by state banks to membership in the Federal Reserve System.

In recognition of the necessity of mobilizing the financial resources of the nation, to enable the government to successfully prosecute the war to a victorious conclusion, the American Bankers Association appointed a committee to cooperate with the Federal Reserve Board, and with the officers of the several Federal Reserve Banks, with a view of conducting an educational campaign, having for its object the bringing into the Federal Reserve System all the eligible non-member banks.

The committee has a representative in each Federal reserve district, with author-

ity to appoint assistants in each state in the district.

In addition to the efforts they are making to induce non-member banks to join the system, they are also charged with the responsibility of securing the passage of such remedial state legislation as may be necessary to enable the eligible banks to join the system. The results attained have been most satisfactory and those identified with



CRAIG B. HAZLEWOOD
Vice-President Union Trust Co., Chicago;
President State Bank Section

directing the affairs of the Federal Reserve Banks have expressed their deep appreciation of the services rendered by the American Bankers Association. I sincerely hope that this convention will authorize a continuation of this constructive work.

COMMITTEE OF FIVE

The Committee of Five succeeded in securing the passage of legislation which it was hoped would enable country banks to obtain reasonable remuneration for services rendered. By request of the Federal Reserve Board, General Counsel Paton submitted a brief, outlining his interpretation of sections 13 and 16 of the Federal Reserve Act as amended. The opinion ren-

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dered expressed in the most convincing and exhaustive terms, that the Federal Reserve Board were obliged under the amendment to fix and allow reasonable service charges to member banks, but having received an adverse opinion from the Attorney General, the Board has refused to allow the service charge.

THE AGRICULTURAL COMMISSION

The Agricultural Commission, under the leadership of its efficient chairman, has rendered potential aid in stimulating an increased supply of farm products.

The Banker-Farmer, official publication of the commission, has taken a front rank among the magazines devoted to farm topics, and has been signally recognized by the United States Department of Agriculture during the past year.

This important committee should be made a permanent standing committee of the convention, and the chairman a member of the executive council, and an amendment to the constitution in harmony with this thought will be submitted for your decision.

MEXICO

The attention of the association has been directed to the unfortunate conditions existing in Mexico, especially to the confiscatory provisions of the new Constitution adopted by the Republic.

This situation has been the occasion of several conferences and considerable correspondence between the officials of your association, parties directly interested, and the State Department.

American citizens and interests have been shamefully treated, but we hope that through the good offices of the State Department an amicable adjustment may be effected through diplomatic channels.

Mexico will doubtless finally realize that we have no ulterior motives, and that we sincerely desire to be of material benefit in assisting her to solve her internal problems.

AMERICAN TRADE ACCEPTANCE COUNCIL

In recognition of the necessity of conserving and utilizing the credit facilities provided by the Federal Reserve Act, the American Bankers Association in cooperation with the United States Chamber of Commerce, National Association of Credit Men and National Association of Manufacturers formed a joint committee known as the American Trade Acceptance Council. This organization has conducted an intensive campaign of education during the past year, calling attention to the advantage and necessity of converting open book accounts into liquid credit instruments known as trade acceptances. The results attained have been most gratifying.

COÖPERATION

Freed from the restraints imposed by law and the Interstate Commerce Commission, the railroads have increased their carrying power; under the trained command of business men, ships are being launched and munitions are being produced. The Government has called in business men to conduct the multifarious enterprises connected with war. The Government, instead of restraining business, is now encouraging it to speed up the war. May we not hope for a continuation of this spirit of coöperation between the Government and business at the conclusion of the war?

However, out of the chaos into which the nation was plunged is coming the semblance of order. Americans are following their natural creative bent. They are working for new ends—to create an industrial machine behind the war machine—and from new motives—to produce what is needed for the joy of it as well as the necessity.

It is all intensely democratic in its spirit and in its desire to serve for the common good. The draft is democratic—the Liberty Loans are democratic. The conservation of food is democratic. At every turn the test to be applied is not whether any single act is the result of the exercise of centralized authority, but whether it indicates the will of the people. Democracy is ascendant in the minds of men. A note of partisanship has a jarring sound. It makes a discord in the effort for social harmony.

In this great drive for order in the world—for the elimination of every shred and remnant of autocracy—the great organizations of business men are working in coöperation. On these organizations rests the responsibility of leadership. To their ingenuity we look for the plans that will bring social peace and satisfaction. To these composite representatives of action we must look for the initiation of the movements and the execution of the works that will make this nation worthy of its destiny.

It is most fortunate that in these circumstances the American Bankers Association has stepped out of its isolation and has joined hands with the Chamber of Commerce of the United States, with the National Association of Manufacturers, with the National Association of Credit Men, with the Foreign Trade Council and with the International High Commission, in the development of enterprises and ideas which give promise of general advantage. Each of these organizations has a special field, but they have as their common purpose the winning of the war, the progress of the country and the promotion of anything and everything that makes for prosperity and happiness.

Joint committees are working out ideas on particular subjects. Your president has

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of the City of New York

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Surplus and Profits (Earned)	1,028,000
Resources	21,000,000

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FRANK D. WILSEY	Pres. New York Boat Oar Co.



Harris Trust and Savings Bank, Chicago

been honored by presiding over the finance sections of the meetings of the Chamber of Commerce and the Foreign Trade Council. With other organizations, of more specialized nature—the League to Enforce Peace, the National Security League and the National Association of Owners of Railroad Securities, for instance—we are in coöperation and the association has been represented at many meetings for the consideration of national problems.

NON-PARTISAN LEAGUE

The extreme manifestation of social unrest is found in the so-called Non-Partisan League. Price-fixing is now one of the most alluring arguments of its advance agents. Appealing to the farmer's normal prejudices, against the supposed exploiters of his toil, the agents point convincingly to the fact that the price of his wheat has been fixed, but the price of cotton and oil



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GARFIELD NATIONAL BANK

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crosses BROADWAY



Michigan Boulevard, Chicago, looking South from Randolph Street

has not. The war, they declare, has been made in the interests of predatory wealth and profiteers, so why not beat the enemies of honest toil by paying Mr. Townley \$16 and joining the League for two years?

The avowed purpose of this organization, now strong in sixteen states, is political control by a class for a class and coöperative selling and buying. They already control many newspapers and they propose running stores, elevators, banks and courts.

They are too shrewd to attempt to launch a new political party; their scheme is to secure control of the dominant political party of the city, county and state where they are operating. With the millions at their disposal, this plan has been easy of accomplishment, and they are practically in control of the state of North Dakota. This movement should be curbed before

it assumes the proportions of a prairie fire.

NATIONAL SPIRIT

Against these various manifestations of discontent and determination for social and economic change, there are evidences of intelligence, loyalty and devotion which are reassuring. To the men of the drafted army and all others, we may turn in the confident expectation of finding democracy of purpose. In attending eighteen state conventions of bankers, I found opportunities to visit several of the concentration camps and aviation fields. At all of them there was displayed the same sturdy Americanism, the same enthusiasm, the same devotion to country that is exemplified in every dispatch from the battlefields of Europe.

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UNIVERSAL MILITARY TRAINING

Universal military training has won approval because its influence must inevitably be democratizing. But universal military training is as inevitably joined to the question of social unrest as the question of social unrest is joined to the plans and prospects of the Non-Partisan League which is a manifestation of it. Commercial expansion and industrial growth depend on the training of our young men as much as on our financial strength. These young men will receive from military training a new sense of the meaning and obligations of citizenship; they must have the physical and intellectual preparation for service to the country and those of alien birth must have a common participation in public duties and share the common pride in our national achievements. Once that has been done, movements like that of the Non-Partisan League, as menacing as it is, will be merged in a democracy of purpose and patriotism.

DEMOBILIZATION

When our young men return from the battlefields of Europe they will have something to say about the conduct of those of us who have stayed at home. They will be privileged to ask us what we have done to place ourselves as nearly as possible with them on the same level of sacrifice and suffering. They are privileged to make the demand and have an honest answer. What will they say to those who, by reason of the sacrifice and suffering of the men at the front, have gained power or wealth through profit or have secured unearned wages by threatening to make the sacrifices and suffering more intense!

To these men we owe an accounting and it may not be satisfactory to them if it is not based on honest intention to make this country contented and prosperous. Their future is a part of the whole vast problem. To some extent the younger ones may be compensated for their services by education at the government's expense. That is a partial solution, but there lies further opportunity for study and an application of the knowledge of our greatest educators and vocational experts. The influence of the decision as to these men's future on our social and industrial status may be momentous. The demobilization of the great armies we are gathering may be a greater task than their mobilization. From whatever angle we approach the subject of war and "after the war," we encounter the same questions.



JOHN W. PLATTEN

President U. S. Mortgage and Trust Co., New York;
President Trust Company Section

MERCHANT MARINE

Linked up inseparably with both these questions is that of our merchant marine. Forced at last by the grim necessity of war, we are producing tonnage at an unprecedented rate. When the war is over these ships, however owned, must be profitably employed.

But construction of ships is not the whole thing; unless there is due provision for the operation of these ships on the competitive basis under American ownership, the American flag will disappear and we shall be in the position of building ships for other nations to operate. But it is, of course, highly desirable that their operation as well as their construction should be American. The revenue from their merchant marine has been one of the large factors of British income for years.

There were three or four factors which absorbed the bulk of our favorable export balance prior to the war. One was interest on capital advances which Europe had made in this country, one was expenditures by American travelers in Europe, one was remittances by immigrants to their families in Europe and one—a very substantial one—was payment for service of the British and German merchant marine and insur-

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Surplus \$2,000,000.00

Undivided Profits \$691,000.00

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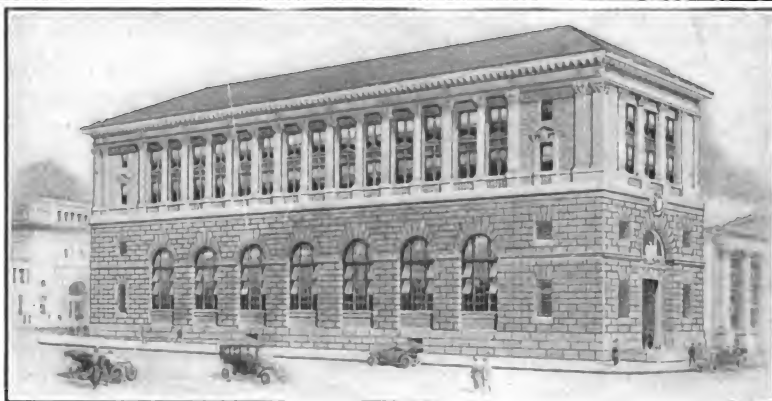
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GILBERT H. THIRKIELD....Asst. Secy.

FREDERICK B. LINDSAY...Asst. Secy.

FREDERIC R. CORTIS, Auditor

ance on American goods carried in foreign bottoms.

A well known authority recently said, "Without a sound, well-endowed system of American shipping, banking and marine insurance, the three welded together into one harmonious whole, there can be no world's trade for America.

"We of the interior have for generations opposed ship subsidy because we had no coast cities; forgetting that coast cities are the open gate to and from inland industries.

"We must take stock of our prejudices, in the new light shed upon this subject, and we must be prepared to scrap them, if necessary, as we would scrap worn-out machinery."

Many of the restrictive features of the Seaman's Act should be repealed, and the Shipping Board should be given broad discretionary powers, with the view of placing the shipping interests of America on as favorable a basis as that of other nations.

In 1914 our world trade amounted to \$3,800,000,000, about \$40 per capita. American ships carried only 9½ per cent. of it. Chairman Hurley of the Shipping Board said recently: "With something like 25 million tons of shipping to be employed within two years, the United States Shipping Board feels that it is none too early to look around for cargoes, both in this country and abroad."

FOREIGN TRADE

Then he added that "ships will be of little use when peace comes, unless the American business man has by that time learned to think in terms of ships and world trade. He must learn to regard the whole world as his market.

"This will mean more than selling factory goods to foreign customers. Foreign countries have raw material and finished products to exchange with us. He must learn to swap jack-knives without trying to keep both knives.

"The American manufacturer must run his factory with a view to utilizing the raw materials of other countries, thus aiding in their development. We must learn to develop other countries by investing our money in them, laying a basis for trade as the English and Germans have done."

The passage of the Webb-Pomerene Bill permitting combinations in connection with foreign trade and the evolution of the Federal Reserve System are both factors that will aid tremendously in developing foreign trade connections. It has been suggested that a commercial attaché be established in each of our foreign consulates, or possibly the appointment of higher class men as foreign consuls, with more training, who could possibly organize a commercial bureau for

the benefit of America's trade abroad. Accurate information about foreign trade conditions and government coöperation in meeting them would certainly be of great benefit.

FEDERAL RESERVE SYSTEM

The banking business is not immune to these changes that are taking place before our eyes. Now and then we thank Providence for the reserve system. It has been the salvation of the country. When all the forces of transportation, industry and agriculture had to be stimulated, reconstructed and reorganized, when citizens had to be turned into soldiers over night, we have been spared the need of revising our banking system.

The Federal Reserve Act has provided the facilities for the opening of new fields, the opportunity for developing foreign business, the certainties that have succeeded the uncertainties, and the numerous advantages without which it would be impossible for us even to think of competing in world markets.

NEW ERA

The new era for business is not going to begin when the war ends—it has already begun. It began when the war began, even for us. Commerce and production are the aims of the nations and commercial domination has been the aim and purpose of Germany. Peace as the result of military adjustments might be simple, but peace as the result of the settlement of commercial differences and spheres of control, will be difficult or impossible without a military victory. Every discussion of possible terms of peace makes still clearer Germany's purpose to retain the foundation of her commercial power, which goes hand in hand with her military power, so that, if she is to cease to be a menace to the peace of the world, Germany must be overcome commercially as well as militarily. The single alternative is that she be so placed and give such guarantees, if that is possible for a nation with no sense of respect for a solemn treaty, that she may be accepted again as a member of the league of nations.

COMMERCIAL AND INDUSTRIAL EXPANSION

This country stands then firmly committed to a great policy of commercial and industrial expansion, if not as a matter of desire, then as a matter of necessity. It is as inevitable as it was that we would become participants in the war, whether we wanted to or not. If this is not our policy, we must admit we are willing to surrender our position in the world and lapse into the state of a second rate and decadent nation.

The maintenance of this position demands



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of us an assembling of our forces and a coördination of our efforts not only as great but even greater than has been made necessary by the war. In this scheme the government looms large as the influence which alone can give us the compact organization necessary to meet the competition of other nations organized down to the last refinement of efficiency.

RAILROADS

A few years ago none of us would have believed that such an outcome would be possible. We would have scoffed at the idea of this government's appearing as the conductor or director of, or participant in, business of all kinds. But here we are—all in agreement that never again can we go back to the old method of conducting the railroads and only wondering how we can reach the solution of the problem without government ownership and operation.

Public sentiment as to the railroads has been largely the product of appeal to passion and prejudice. Demagogues have capitalized and nursed hatred of the roads.

A reliable authority states that the whole equipment for transportation is ten years behind the times. Why? Because the Interstate Commerce Commission has forbidden the roads during that period of time to charge just and fair rates for their product, tracks, locomotives and cars have been steadily wearing out and there have been no adequate funds to replace them. This has sapped railroad credit, and at no time in the last ten years have the roads been able to raise sufficient funds to keep their equipment abreast of the times. This has produced not only physical discomfort to the business world through hampered transportation facilities, but has had a more far-reaching effect upon the country's prosperity.

GOVERNMENT CONTROL

Under the circumstances, it is indeed fortunate for the railroads that the government has undertaken to direct their activities during the period of the war and it is to be hoped that as a product of this experience a policy will crystallize which will place the railroads in a sound economic position.

The banks of the nation are vitally interested in the future of the railroads, and are anticipating the consummation of contracts with the United States Railroad Administration, which will be in harmony with the assurance of the President when the properties were taken over, that the stockholders could rely on receiving a square deal from the government. The railroads would thus be placed in a position where they could count with absolute certainty upon the amount of revenue available for the payment of dividends and other fixed charges. The recent advance in freight and passen-

ger rates was convincing proof that the railroads were justified in the demands they have made during the past several years for an advance in rates.

COÖRDINATION

The government, by common consent, is looked to as the guiding influence in busi-



VICTOR A. LERSNER

Comptroller Williamsburg Savings Bank, Brooklyn;
President Savings Bank Section

ness, but if it is to guide competently, it must have wisdom in counsel and supply a form of leadership or direction which, through an understanding of it, is in sympathy with business.

What is transpiring in this country seems also to have been happening elsewhere. England, for instance, has ceased to be a commercial battleground of freely competing manufacturers and merchants. It has become a single workshop, whose various activities have been coördinated either through voluntary coöperation or by order of business men in government positions, backed by laws. One estimate places the number of such men in positions of authority over business at two hundred thousand.

That is a position which is rapidly being attained in this country, if, indeed, we have



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not already reached it. The government, we say, is in control for the necessary purpose of winning the war, but the winning of the war depends on industrial organization. The conclusion comes inevitably that what will win the war will also win the "war after the war." Therefore, for this later undertaking, we must have the same coördination of effort, the same strong directing authority, which must be above the suspicion of selfish motives and the same combination and standardization for the sake of economy and efficiency.

The problem of the business world, in view of the tendencies of the times, is such utilization of centralized direction as will be beneficial to business. The problem of government is such a directing influence over business as will be beneficial to the country. In this there is community of interest rather than conflict. In any event, it is the situation that confronts us whether we like it or not; it will continue to confront us for the period of the war and some months thereafter.

In this connection a further demonstration of the tendency toward government direction is found in the Capital Issues Committee and the War Finance Corporation. These were frankly organized for war purposes, but already they have found opportunities for service and action rather different from anything that was originally intended. Chiefly they have shown the possibilities that may be attained by banks organized for service.

BRITISH TRADE CORPORATION

Prophecy is idle, but in looking over these enterprises, we are reminded that England has gone much farther. The British Trade Corporation with an authorized capital of \$50,000,000 was incorporated under royal charter over a year ago. This corporation is the authorized agent of the government and may act for the government whenever the latter desires that "British capital shall participate in financial operations and requires an agent for the representation of British interests so far as relates to trade or finance."

The Trade Corporation insures credits and so makes possible longer credits to foreign buyers of British goods; it gives financial support to British enterprise in any part of the world; it finances inventions and inventors and through its commercial intelligence department provides information as to trade opportunities and finances them. Its purpose is not particularly to make profit for itself, but to increase industry and commerce and so make profit possible.

Thus, England is preparing for world business. Our experience in point of trade necessity parallels England's. We are in fact traveling the same road and in many

ways are applying similar methods in an effort to reach the same destination. The life of our War Finance Corporation is fixed. Our railroads are under government direction for the term of the war and 21 months thereafter. It was the same in England originally, but a few months ago the chairman of the British Committee on Trade and Industrial Reconstruction advised the public that the same control would have to be submitted to after the war ends.

None of these questions can be considered independently. Every single line of activity runs into all the others. Every question is tied up with all the others—questions of banking, financing, transportation by land and sea and by lake, river and canal as well, questions of industrial and agricultural production, of wages, efficiency, of social content and social unrest, and the still subtler questions concerned with the health, vigor, education and morality of the people—all are linked up together.

So it is that we cannot conduct the war without also conducting "the war after the war." It is not permitted that we live only for the day. Prudence demands that the work of this week and this month be so ordered that the work of next week and next month be developed rationally and normally. Whatever our inclinations, we find ourselves inevitably looking forward.

NON-ESSENTIALS

We see, therefore, that in our zeal for war essentials we must not wholly destroy what are loosely classed as non-essentials. These must be curtailed; they must be compelled to mark time, but only the direst need would justify their destruction. A secure foundation must be left under them or the future will be freighted with distress and disaster.

In discussing this subject, a well-known authority said:

"There should be no permanent dismantling of any substantial phases of America's business activities.

"They will all, even the now so-called non-essentials, be required again in an increasing degree to meet the world's new needs as conditions after the war gradually return to normal. In the coming peace, just as in the present war, America will be called upon for greater service to the world than ever before.

"We who are so largely responsible for the business welfare of the country should, both from motives of patriotism and also of faithfulness to our business stewardship, see to it that when the war is victoriously ended America shall stand financially stronger and sounder in every way than ever before to meet the world needs to which it will be her duty to minister. We must not let war weaken us, but rather strengthen us, to carry on the great sal-



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Surplus and Net Profits	-	-	-	-	-	-	-	1,600,000
Deposits	-	-	-	-	-	-	-	13,870,000
Total Resources Over	-	-	-	-	-	-	-	20,000,000

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vage of civilization to which we have devoted ourselves."

Upon the banker rests a grave responsibility in this trying hour, and the future welfare of our country depends largely upon the ability of the banker to convince his patrons of the necessity of abstaining from a declaration of large dividends. Abnormal profits should be used in the liquidation of outstanding bonds and other fixed or floating indebtedness; liberal depreciation reserves should be set up, covering plant, machinery and inventories.

Bankers can be largely instrumental in the adoption of efficient methods of cost accounting and should insist upon receiving financial statements audited by certified accountants.

If these policies are adopted the business of the nation will be placed on a high plane of efficiency, and we will be prepared for any eventuality.

CONFIDENCE IN FUTURE

In the face of all the difficulties that confront us, our hope merges into confidence. We are privileged to contrast our creative genius with the destructive mania of the Hun. We are setting freedom on a pinnacle and burying slavery deep in a dugout. We are releasing the energies of the world for service and stamping out power for greed and selfishness. We are putting autocracy down, but we have still to set democracy up. Until that has been accomplished, the struggle will go on indefinitely, sometimes on blood-soaked battlefields where armed forces clash, but oftener in the social ranks where the weapons will be ideas.

It is our privilege to live in the most eventful era of the world's history.

What a wonderful opportunity for the development of our national spirit, for service, for sacrifice, for achievement, and to prove ourselves worthy of the lofty ideals cherished by our forefathers!

We have emerged from our policy of isolation, and have assumed a new relationship in the family of nations. America has proven to mankind that we are not the sordid, mercenary people we have been pictured. I am proud of the rôle that has been assumed by the banks of the nation; they have given ample evidence of their willingness to serve in this great cause, without hope or expectation of reward. America has a great mission to perform, with the advent of peace, in the reconstruction period to follow. It will fall to our lot to bind up the wounds of mankind, to assuage the grief of the bereaved and afflicted, to feed the hungry, clothe the naked, house the homeless. Problems will be presented for solution that will tax our ingenuity and skill to the uttermost. We must give sober thought to these changed conditions, lest

we find ourselves as poorly prepared for peace as we were for war. We will be brought face to face with situations requiring business sagacity and humanitarianism, with opportunity for commercial and financial achievement unparalleled in the world's history.

LEADERSHIP

If there is to be victory in this latter struggle, there must be leadership—leadership in business and industry—leadership in politics, leadership by men without fear, who will not be influenced by favor—by men not representative of party or faction, but firm in their allegiance to the highest ideals of the republic.

CHICAGO

The secretary's report made the following reference to Chicago as a meeting place for the convention of the American Bankers Association:

Since the organization of the American Bankers Association at Saratoga Springs, N. Y., in 1875, including the present convention, we have held four of our annual meetings in the western metropolis—in 1885, in 1893, in 1909 and in 1918.

At the 1885 convention the Hon. Lyman J. Gage was president and presided. He was then president of the First National Bank of Chicago; and since that time has honorably filled the position of Secretary of the Treasury. He is now retired and is passing his golden days in peace and contentment in southern California. The convention was largely given up to addresses on the silver question and many valuable statistics and tables were furnished the convention; and are part of the records of the association, the leaders in the addresses and discussions being among the most prominent bankers and economists of the United States. The treasurer's report showed the receipts for the fiscal year to have been \$10,940; the membership 1,395.

The convention of 1893 was presided over by William H. Rhawn, president of the National Bank of the Republic, Philadelphia. Among those who made addresses was the Hon. James H. Eckels, Comptroller of the Currency. The addresses and discussions were largely on bank legislation, money and currency reform. The membership at that time was 1,672; receipts for the year from all sources \$15,783.80. The association had \$10,000 in securities as an investment; and a cash balance of \$357.32—reported by the treasurer, George F. Baker of New York City.

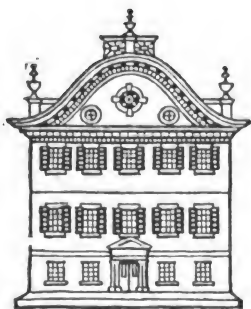
It is nine years since the American Bankers Association has held a meeting in Chicago. At the 1909 meeting, that distinguished Chicagoan, George M. Reynolds, as

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Surplus	-	-	-	500,000
Undivided Profits over	-	-	-	500,000

president, presided over the deliberations of this body. The membership at that time was 10,682 and the yearly income was \$175,000. It is interesting to recall that among the speakers on that occasion were the Hon. Joseph G. Cannon and the late James J. Hill, besides some well known members of our own family of bankers. Their addresses dealt with the problems of peace, while our speakers today treat of war and its successful prosecution. In either event, I am sure that no better setting could be supplied and no finer hospitality rendered than what we have received from the big, live American city of Chicago. Everything that Chicago does, she does well; and I know that I merely anticipate the report of our resolutions committee when I say that for the many courtesies shown during convention week, for the excellent arrangements made for handling and expediting our business and for all of those innumerable details which go to make a successful convention, our heartiest thanks are due the city of Chicago.

Reports of the executive council and of the various committees and sections were next presented. Addresses were made by Judge Ben Lindsey of Denver and Otto H. Kahn of New York, the latter speaking on "The Menace of Paternalism." The report of the committee on the insurance referendum, in which it was proposed to organize a bankers fidelity and burglary insurance company, aroused considerable discussion, the report finally being received and filed without any recommendation for adopting this proposal.

Willis H. Booth, president of the National Council of State Banking Associations, made a brief address, pledging the coöperation of that organization with the American Bankers Association.

John J. Arnold, vice-president of the First National Bank of Chicago, spoke in behalf of the work of the National Foreign Trade Council. By unanimous vote of the convention an expression of appreciation was tendered to Nelson Lampert, vice-president of the Fort Dearborn National Bank, for his services in providing for the entertainment of the convention as vice-chairman of the committee on entertainment.

REPORT OF COMMITTEE ON RESOLUTIONS

It is the unanimous opinion of your Committee on Resolutions of Thanks, that the

American Bankers Association should express by a rising vote its appreciation of the successful efforts made by those who have contributed to make this, the forty-fourth annual convention, outstanding.

To the associated banks and the commercial organizations of Chicago, grateful acknowledgment is made. The cordial words of



W. T. FENTON

Vice-President National Bank of the Republic, who welcomed the delegates on behalf of the Chicago Clearing House Association

welcome expressed by Governor Frank O. Lowden and W. T. Fenton found reflection in concrete form.

Nothing has been neglected which could add to the pleasure of the visitors and the work of the delegates. We desire to express our grateful appreciation and sincere thanks to Hon. Josephus Daniels, Secretary of the Navy; W. P. G. Harding, Governor of the Federal Reserve Board; Hon. W. H. Vandervoort, Hon. Harry A. Wheeler, Hon. Ben Lindsey, and Hon. Otto H. Kahn, for having honored us with their presence and for the magnificent addresses delivered by them, and acknowledge with grateful appreciation the splendid, courteous and liberal response of the British Government for the exhibit at this convention of economics practiced and sacrifice made by their great

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citizenry, to the end that decisive victory and peace shall come to Allied arms, at no distant date.

We desire to express particular appreciation for the manner in which the local press, the newspaper correspondents, the Associated Press, and the United Press have handled the news, and for the generous space the newspapers and bank publications have given to the deliberations and proceedings of the convention, and we are grateful to Manager Burke and the Congress Hotel for courtesies extended and for official quarters tendered complimentary to the Association.

Since the American Bankers Association has made an unprecedented record for loyalty and patriotism in its support of the financial plans of the Government for the prosecution of the war, and since this end could not have been accomplished but for the loyal support and coöperation of the member banks, we desire to extend our thanks to each and every one of them for the readiness with which they have acceded to every request for coöperation from this organization.

J. H. Stall, A. B. Jones, M. J. Dowling, George W. Hyde, Fred Collins, Chairman.

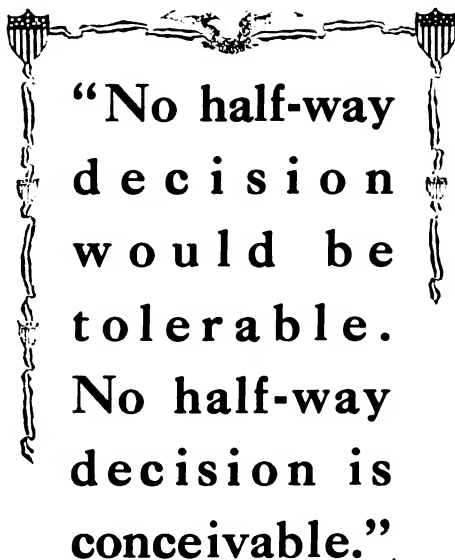
Whereas, The United States of America and her Allies are engaged in a great war, having for its object the permanent security of the world; and

Whereas, The American Bankers Association, in annual convention assembled, realizing the righteousness of the cause, the tasks laid upon our Government officials, the burdens laid upon our Army and our Navy, the patriotic and able efforts of American business men, the loyal sacrifices freely made by all the men and women of the land, wishes to renew its assurances of unqualified coöperation to the end of securing a victorious and permanent peace. Furthermore, the Association commends the spirit of the American people which has evidenced its intent to support the policies of the Government in the prosecution of the war until such time as the Allies are able to force an unconditional surrender and a dictated peace, and we pledge the American Bankers Association to gladly assume all responsibilities and make all sacrifices necessary to this end.

Therefore, Be it Resolved, That the American Bankers Association, representing as it does the great banking strength of the country, pledges anew its united support to the President of the United States and those associated with him in the great task of the hour.

Be It Further Resolved, That this Association recommends that they do all in their power to aid in placing the Fourth Liberty Loan, and that they continue to coöperate fully with the Secretary of the Treasury in connection with all Government financing.

Be It Further Resolved, That this As-



**"No half-way
decision
would be
tolerable.
No half-way
decision is
conceivable."**

**Collins
Publicity
Service
Philadelphia**

sociation recommends that all of its members earnestly wage their customers and depositors and those with whom they come in contact to eliminate waste and extravagance, that the needed supplies for our armed forces may be made more plentiful and that the cash results of such economies may furnish the basis for the purchase of Liberty Bonds and aid in maintaining the economic stability of the nation.

Whereas, There will begin on November 11 next a campaign for the raising of funds for seven agencies now engaged in aiding our fighting men on land and sea, said agencies being as follows: National War Work Council of the Young Men's Christian Association, War Work Council of the National Board of the Young Women's Association, National Catholic War Council (Knights of Columbus), Jewish Welfare Board, War Campaign Community Service, American Library Association and Salvation Army.

And, Whereas, This campaign has the approval of the Federal Government, and it being our desire to be of the utmost help to all agencies helpful in the winning of the war; therefore

Be It Resolved, That we recommend to

Industrial Trust Company

PROVIDENCE, R. I.

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Florrimon M. Howe

our membership their most earnest support of this campaign.

Whereas, The constant rise in the prices of commodities has resulted in a condition of increasing danger to the merchant and manufacturer, which danger is bound to be of concern to the banks of the United States, it is our belief that the facts surrounding these conditions should be given serious consideration by those in charge of the taxing program of the Government.

Therefore, Be It Resolved, That we recommend the approval of the amendment to the present draft of the Revenue Law known as "H. R. 12663," offered by the National Dry Goods Association, and more recently approved by the Advisory Council of the Federal Reserve Board, which amendment is as follows:

"Add to Section 202 of the proposed bill the following paragraph:

"A reasonable allowance being made for the increased cost of merchandise so inventories over the average cost of like merchandise during the pre-war period."

The entire Section would then read as follows:

"Sec. 202. That whenever in the opinion of the commissioner the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the commissioner, with the approval of the secretary, may approve or prescribe as most clearly reflecting the income of the taxpayer.

"A reasonable allowance being made for the increased cost of merchandise so inventories over the average cost of like merchandise during the pre-war period."

Whereas, The fortunes and demands of war have placed within our grasp an American Merchant Marine rivaling in tonnage the merchant fleet of Great Britain at the beginning of the war and these same conditions have increased our productive capacity in many lines of industry far beyond the peace demands of our own country; and

Whereas, Profitable use of this newly acquired instrumentality of transportation, and of these new channels of production, depends entirely upon our National recognition of the need for acquiring foreign markets for our productions, and of intelligently adapting our industries to meet the demands of such markets.

Whereas, Resolved, That the American Bankers Association, in convention assembled, pledges itself to support, by every means in its power, the development of export trade, to encourage manufacturers to enter upon this field of distribution, and to provide, as rapidly as possible, adequate facilities for financing export operations sufficient to meet every reasonable demand that may arise.

Whereas, The work of the Agricultural

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Commission of the American Bankers Association has demonstrated that the banking fraternity throughout this country is a great constructive force in the needed increase of agricultural production.

Therefore, Be It Resolved, That the members of this Association be urged to even more actively assist wherever it is within their power any movement or effort which shall have for its purpose the legitimate advancement of the agricultural interests of the nation.

Whereas, The maintenance of the country's public utilities in the highest possible state of efficiency is essential not only to the war program of the United States, but also to the nation's business, industrial and public interests; and,

Whereas, Such efficiency depends upon the preservation of the credit of the companies providing public utility service; and,

Whereas, The increase of costs and the unusually difficult conditions of operation brought about by the war seriously threatened the ability of the public utilities to continue the furnishing of the necessary services they perform; and

Whereas, The protection of the credit of public utilities is very largely in the hands of regulatory commissions and other public authorities, rather than in the utilities themselves;

Now, Therefore, Be It Resolved, That the American Bankers Association recommend to national, state and local authorities that they recognize the unusual and onerous conditions with which public utilities are contending, and that in the interest of the nation, of business, and of the public, they give prompt and sympathetic hearing to the petitions of such utilities for assistance and relief.

Be It Further Resolved, That the secretary of the American Bankers Association be instructed to send a copy of this resolution to the various commissions controlling public utilities within the states.

Whereas, The gold production of the world is rapidly decreasing, and

Whereas, The only form of relief that will prove effective and can be applied promptly, is action by the United States Government in such form and by such methods as may be deemed fit and proper under the circumstances, and

Whereas, Gold is the standard of value and the basis of all credit, and it is vitally important to the financial and commercial life of the Nation and the world,

Now, Therefore, Be It Resolved, That the American Bankers Association in convention assembled, respectfully request and urge upon the Government of the United States the desirability of maintaining the protection of gold to at least its pre-war volume, and ask that steps be taken immediately to that end;

And Be It Further Resolved, That the

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secretary of this association be, and he hereby is instructed to send a copy of this resolution to the President of the United States; Secretary of the Treasury, and the Secretary of the Interior, advising them of its adoption;

And Be It Also Further Resolved, That considering the great importance of this subject, this convention recommends to the Executive Council that the matter be referred to the Federal Legislative Committee and the Currency Commission for an exhaustive study and such action as may be deemed necessary.

Whereas, The Capital Issues Committee has assumed as a war duty of the office the work of stamping out the sale of fraudulent securities to the American people, and

Whereas, As a part of such work it is trying to prevent the further exchange of such fraudulent securities for Liberty Bonds, and

Whereas, This campaign has the enthusiastic support and approval of the Secretary of the Treasury; also of the Chamber of Commerce of the United States and other important business organizations. Now, Therefore, Be It

Resolved, That the American Bankers Association pledges its support and coöper-

1865



1918

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ation to this vital effort to destroy this improper commerce in Liberty Bonds and the sale of fraudulent securities, and calls upon its individual members to aid and cooperate with the Capital Issues Committee in every way to accomplish these ends.

The report of the committee was adopted.

NEW OFFICERS

The report of the nominating committee for new officers of the American Bankers Association was approved, as follows:

President—Robert F. Maddox, president Atlanta National Bank, Atlanta.

First Vice-President — Richard S. Hawes, vice-president Third National Bank, St. Louis.

Second Vice-President — John S. Drum, president Savings Union Bank and Trust Co., San Francisco.

Brief remarks were made by Mr. Maddox and Mr. Hawes, after which in an appropriate speech George M. Reynolds, president of the Continental and Commercial National Bank, Chicago, presented to retiring President Hinsch, on behalf of the association, a fine chest of silver, for which Mr. Hinsch expressed his thanks. The convention then adjourned.

NATIONAL BANK SECTION

The National Bank Section met on September 25, and was addressed by President J. Elwood Cox, who gave an account of the work done during the last year. He also made this summary of the section's growth:

The section has accomplished much. The results to date are small as to what I foresee for the future. The section was organized at Seattle three years ago. It now has in its membership 6,337 national banks whose aggregate resources are nearly seventeen billion dollars and has associated with it other banking institutions aligned with the Federal Reserve system whose total resources aggregate over six billion dollars. It is the hope that the section shall include every national bank in its membership before the expiration of the year. The one great lesson of the war is that cooperation is the least expensive and the most valuable influence at the command of the bankers and business people of any nation.

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He said, in concluding his annual address:

Finally, let me say that there has never been a time in all the history of this country when an American had cause to feel more proud of his country than to-day. It is almost worth the cost of the war to witness the fine spirit stirring and animating the people of all sections of this great country and drawing them together in closer unity and in more loyal devotion to the flag. Sectional prejudice has no longer a place in the American heart. Partisanship no longer finds lodgment in the soul of the patriot. With one heart, with one soul, and with one purpose Americans are drawn together, animated by one common spirit, touching elbows in one common struggle, and determined to expend the last ounce of energy, blood and treasure, if need be, to bring victory.

An inspiring reflection to me is that, when the future historian shall record the heroic struggles of this bloodiest tragedy of all time, the banker will be accorded a high place on the roll of honor for his service and sacrifice.

Governor Harding of the Federal Re-



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Name..... Address..... Present Position.....

serve Board spoke on "National Banks in War Time."

Joseph Chapman, vice-president of the Northwestern National Bank, Minneapolis, made a brief address, in the course of which he said:

The most fortunate thing that ever happened to the bankers of America was the passage of the Federal Reserve Act, not in war time, but in peace time. Do you realize what has happened to every other business in America? You know what has happened to the railroads; to the steel manufacturing; to the shipyards; to the farms. Everything regulated, almost on the spur of the moment, and the regulation not always justified. Our situation does not seem to bother the people down at Washington. Gentlemen, the only thing that was right in America when war broke out was the banking situation, and it has not changed. We were ready for war. Other business had to be adjusted to the war. After talking to other business men, and knowing their worries and their problems, I want to say, gentlemen, that we have a snap.

Oliver J. Sands, president American National Bank, Richmond, Va., was elected president of the National Bank Section and Walter W. Head, vice-president Omaha National Bank, Omaha, Neb., was elected vice-president.

STATE BANKING SECTION

E. D. Haxford presided over the meeting of the State Bank Section. E. C. McDougal, president of the Bank of Buffalo, presented the report of the State Legislative Committee, recommending that state banks and trust companies be allowed to determine for themselves as to membership of the Federal Reserve System. Charles H. Sabin, president of the Guaranty Trust Company, New York, spoke on "Banking Evolution." Regarding the future of American banking, Mr. Sabin declared:

In the natural evolution of banking in this country, it is quite certain that our vision must extend beyond the state—beyond the nation—out into the world at large. Branches of American banks are being opened in foreign countries from time to time; and not only American finance, but American merchant marine and commerce, will be greatly promoted thereby—and, with the coöperation of our authorities in Wash-

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ington, the development of our interest in foreign trade and industry may at this psychological moment be most rapid.

We must adjust our minds not only to the expansion of our own banking interests abroad, but perhaps even to coöperation with foreign banks in some international banking plan which will meet the exigencies forced upon us by the war. With half of the world on a paper basis, it is certain that some international banking agreement must be worked out if we are to stabilize the world's tokens of exchange, and expedite the trade of nations.

It seems important that private initiative and enterprise should be given the widest possible latitude in this field, in keeping with the public interest.

It seems equally important to me that Governmental activities be restricted to the support of such enterprise, rather than to supplanting it. For instance, the original proposition to organize a foreign exchange bank in connection with our Federal Reserve system seemed to be unnecessary, as our present banking system is providing for these needs with greater efficiency and less expense than would be possible through any Government agency.

No Governmental financial institution should be projected into the field of competition with privately owned banks. The Government's function here is that of providing a reservoir of credit for the assistance of the banks, and any innovation which would change that relation appears unwise and unjustified.

If it could be proved that a foreign trade bank could be organized as a Government agency free from such objections, which would act as a service institution in coöperation and not in competition with private banks, it might be worthy of consideration, providing special care is taken in working out its details in order to avoid conflicting interests which might retard the development of our foreign trade.

It is certain that we shall need united



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effort to meet the competition we shall face, and in lieu of a branch-banking system and banking amalgamations, American banks must work together on a basis of common interest and in the general interest.

With courage we must face the future, confident that with a better understanding of our local and national problems, and with a closer and more sympathetic coöperation between the governing authorities and financial institutions, continuing progress will be assured. These are not the times for jealousies, prejudices or selfishness, but with largeness of heart and bigness of vision we must unite in a common effort to help America achieve its manifest destiny.

Craig B. Hazlewood, vice-president of the Union Trust Company, Chicago, was elected president of the State Bank Section, and J. W. Butler, vice-president.

SAVINGS BANK SECTION

President Joseph T. Noel presided at the meeting of the Savings Bank Section. Notable addresses were delivered by Francis H. Sisson, vice-president of the Guaranty Trust Company, New York; Wm. E. Knox, comptroller of the Bowery Savings Bank, New York, and Professor Kemmerer of Princeton University.

Victor A. Lersner, comptroller of the Williamsburg Savings Bank, Brooklyn, N. Y., was elected president and S. Fred Strong, vice-president.

TRUST COMPANY SECTION

The meeting of the Trust Company Section was presided over by President Frank W. Blair of the Union Trust Company, Detroit. His address, as well as a number of reports presented by various committees, dealt with several matters of practical interest to the trust companies of the country. Officers chosen for the ensuing year were: President, John W. Platten, president United States Mortgage and Trust Company, New York; vice-president, Lynn H. Dinkins, New Orleans.

CLEARING-HOUSE SECTION

Officers of the Clearing-House Section were elected as follows: President, Stoddard Jess, president First National Bank, Los Angeles, Cal.; Vice-President, Thomas B. McAdams, vice-president Merchants National Bank, Richmond, Va.; Secretary, Jerome Thralls; Chairman Executive Committee, R. F. McNally, vice-president National Bank of Commerce, St. Louis, Mo.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for October 1, 1918.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: Bankers Publishing Co., 253 Broadway, New York; G. T. Lincoln, 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which the stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

J. R. DUFFIELD.

Sworn to and subscribed before me this 28th day of September, 1918.

JOSEPH R. FRITH.

Notary Public.

My Commission expires March 30, 1920.

Pocket Church Calendar for the Business Year

"ONE DAY DIFFERENT FROM ANOTHER IN OPPORTUNITY AND ACHIEVEMENT; THEREFORE, KNOW THE DAY AND MAKE GOOD USE OF IT."
CARPE DIEM.

IN these momentous days, when the practical concerns of life occupy one's time as never before, there is recognized, among the most thoughtful, the necessity of keeping close to those fundamentals which lie at the very source of our individual and national existence. To assure this in many cities the people have set aside a special time each day on which attention shall be concentrated upon the very serious duties that lie before them.

Although not designed with this special object, the "Pocket Church Calendar," compiled by Rev. Albert Leonard Murray, D.Litt., of Cedar Rapids, Iowa, will be found decidedly applicable to such needs while adaptable to all the varying circumstances of daily life, and at the same time being of great practical usefulness.

Church calendars now issued run only to November 30 of each year and are usually issued to hang on the wall or combined with other religious matter in book form for the library shelf.

A pocket church calendar for the business year from January 1 to December 31 is something new and commends itself in these war times when daily papers print sermons written by the clergy in their editorial columns and leaders everywhere are turning to the

church for inspiration and help in solving the momentous problems confronting them.

The days are numbered consecutively so that the elapsed time for maturities can be easily ascertained—civil and church holidays are noted, also the seasons of the year and of the church.

There is a biblical quotation for each day, most of them brief, many are striking and the selection for each week is often a constructive unity. There are no duplications of texts. For Sunday a collect has been printed, and as a business man remarked he had not realized what a crown of jewels is represented by these collects until he read them set out separately in this way.

The tables of lessons are also given throughout the year in accordance with those authorized by the General Correlation of 1916. A half of each page is left blank for jotting down engagements, etc., and by using India paper 365 pages are provided, one page for each day, in convenient size to slip into the vest pocket—all very handsomely gotten up, bound in red leather and stamped in gold.

The publisher of this "Pocket Church Calendar" is Wm. A. Wheeler, New York.

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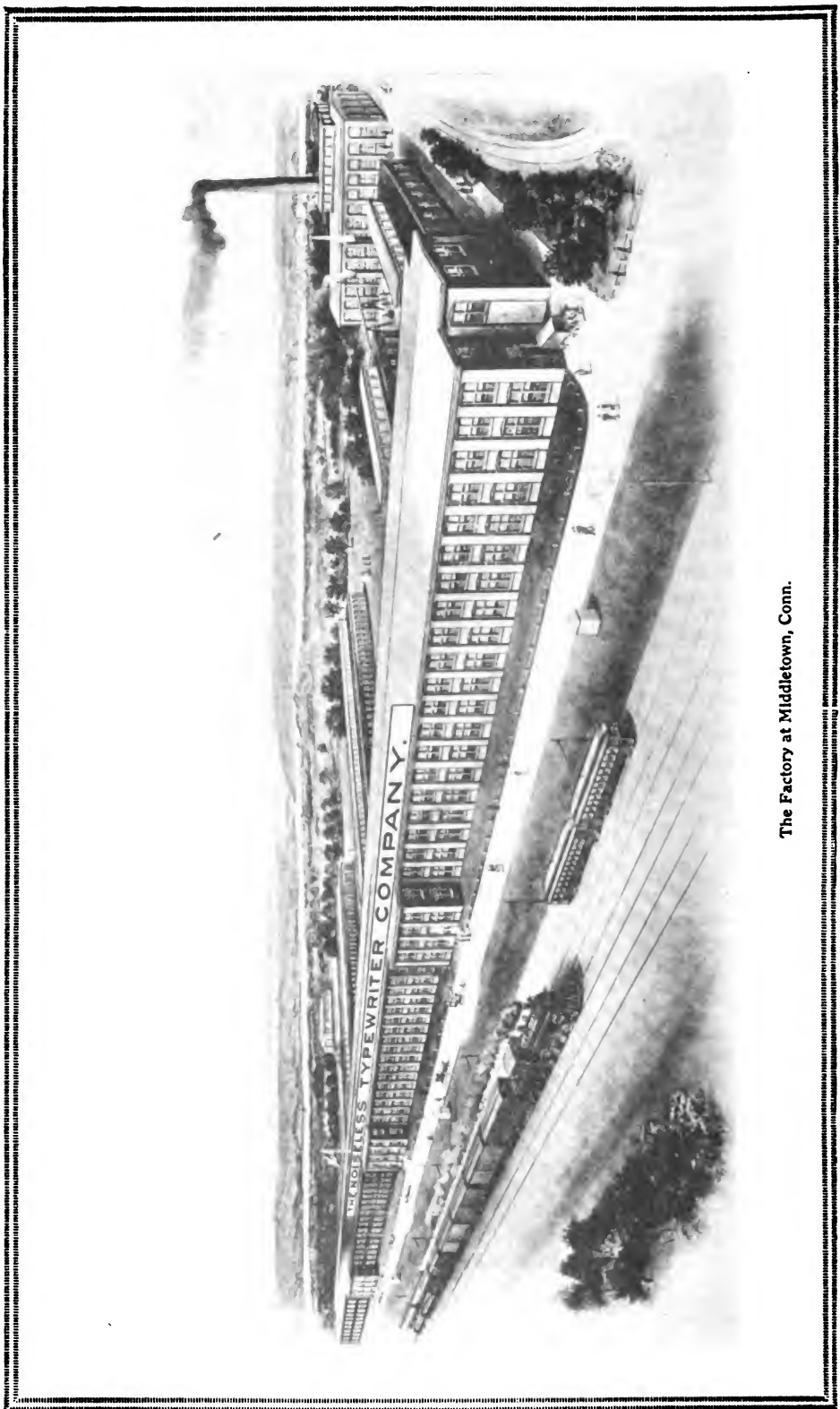
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The Noiseless Typewriter

IT is quite natural and understandable that the public should take the typewriter as a matter of course—that is to say, as an integral part of the established order which no longer calls for special thought or comment. Though indispensable, the service which it renders is not spectacular, and some of the most eloquent tributes to its merits are given unconsciously. For instance, few American manufacturers can stay in business at this time of crisis without securing from the Government a certificate of priority covering the privilege to buy their materials. Now, the first sentence (being also the first paragraph) of the form of application which is issued by the Priorities Board at Washington contains two words, and two words only—"use typewriter." This testimony speaks in louder terms than the most fulsome praise; yet the typewriter as a machine has never appealed very strongly to the imagination of mankind. The telephone and wireless must ever remain a miracle to all whose faculties are not wholly deadened by routine; but the typewriter, representing no new command over the laws of nature, and having been on the market for forty years, is no longer in any sense a marvel. Even in the office appliance field it must yield place to the adding machine, so far as the element of surprise or miracle is concerned. In fact, the typewriter seems almost as widely and tacitly accepted as the potato.

And yet in many ways the typewriter is much more than a useful drudge. It enters very intimately into the life of the office, and for millions of typists it becomes what the engine is to the engineer, or ship's rigging to the master of a schooner—that is to say, an essential part of existence. There is, indeed, a psychological element about the

marketing and use of typewriters which every one in the business recognizes to be a large factor. If there are not fifty-seven varieties of writing-machines, there are at least twenty, and people are so variously constituted that different typists become devoted adherents to different machines. From the standpoint of the public, this competition is undoubtedly a good thing, for the typewriter would never have reached the technical excellence which it possesses to-day without that constant striving for betterment which is stimulated by the inducement of patent protection.

In a machine which contains over two thousand separate pieces, there is always room for betterment of design. At intervals there come into view structural modifications of a radical nature, brought about by the striving which must exist where many trained minds are concentrated upon a problem of obvious importance. In short, the typewriter represents a perpetual evolution, and as it is an instrument of such undoubted, indispensable value, the stages of its progress should not be without interest to all who desire to know about the agencies through which world-business is transacted.

ORIGIN AND DEVELOPMENT OF THE TYPEWRITER

Without entering upon minute detail, certain facts stand out very boldly in the annals of the typewriter. It is an art which goes back to 1714, the year in which Henry Mill, an Englishman, took out Patent No. 395, covering "an artificial machine or method for the impressing or transcribing of letters singly or progressively, one after another." This early date is simply a point of departure, for it was only about a hundred years ago that real



In these offices one hundred Noiseless typewriters daily supply perfect operating conditions for a large organization



In these two illustrations are shown the McGraw-Hill Publishing Company offices. Entire eleventh and twelfth floors in their building, Thirty-sixth Street and Tenth Avenue, New York City

work began in the field of typewriter invention. From 1820 to 1860 serious thought was given to this problem in England, France, and the United States. Then between 1860 and 1870 the American inventors drew rapidly away from all competitors through the specific mechanisms devised by John Pratt and Christopher Latham Sholes. It was out of the Sholes model that the Remington typewriter, the earliest of the commercial machines, was perfected between 1873 and 1878. Compared with present standards, the typewriter of 1880 was workable, but still crude, possessing, among other limitations, the disadvantage that the line of writing was not visible to the operator. Between 1880 and 1890 many new machines came into the field, as rivals of the Remington.

By means of this active competition the art advanced, and much of the early crudeness disappeared through knowledge born of experience. However, no organic changes of structure were effected during this period, the betterment being limited to an improvement of the original Sholes design, rather than representing radical modification thereof.

Between 1890 and 1900 the "visible" variety of typewriter made its appearance, under several forms, but most notably in the Oliver and the Wagner machines—the Wagner model forming the basis of the Underwood. This was not merely a limited, special change, but amounted to a positive modification of typewriter design. It was argued with conviction by many typists that the visibility of the writing line was not a matter of prime importance, but time has carried the point in favor of visibility.

Between 1900 and 1910 it was found necessary by all the leading typewriter companies so to remodel their product that it would conform to the new standard of visibility. Needless to say, many subsidiary features were added during the twenty years from 1890 to 1910, such as the bichrome ribbon, the tabulator, the back-spacer, and the automatic ribbon reverse: but the out-

standing advance in the art during that time was undoubtedly represented by the triumph of "visibility." After the writing line had been rendered visible, and the standard machine was equipped with such new operating conveniences as those mentioned, what further goal of improvement did the art disclose?

ELIMINATION OF NOISE

It is here that we come to the Noiseless Typewriter. As has been stated already, psychology is a large factor in the typewriter business, and to give the Noiseless Typewriter its due perspective one must reiterate this fact. Is it or is it not desirable that the writing-machine should function without making a din? Here is a question which lies at the root of the long, unrelenting, expensive, and rather heroic effort to remove noise from this instrument. Since the nervous organization differs widely according to the individual, different people will give different answers. There are those whose power of concentration is so great, whose nerves are so robust, that they raise no objection to sharp, metallic sounds, and even seem to find them agreeable. But such stalwarts are probably in the minority, since it can hardly be conceived that had the original inventors known how to make the typewriter quiet, any of their successors would have devoted long and painful effort to add the noise.

Speaking broadly, quiet is a distinct asset in business life, from its moral value no less than from its obvious convenience. But to state fully the theoretical basis—that basis upon which the Noiseless Typewriter is grounded, the following quotation is taken from the Introduction of the Catalogue, in which the structure of the machine itself is described:

The Noiseless Typewriter rests its claim upon the fact that concentration of thought is essential to success in business. It need not be argued that an insistent, distracting clatter impairs the power to think quickly and clearly. This has always been realized, but in the past business men were compelled to do their work under the handicap of a perpetual din. Because the typewriter had not yet been brought to its



The Noiseless Typewriter can be used continuously without sacrificing the efficiency of the telephone

full development, noise reigned throughout a sphere where quiet and concentration are most needed.

It is true that for twenty-five years numerous attempts have been made to alleviate a condition which was due to radical defects in typewriter construction. "Sound-proof" walls and ceilings, "shock-absorbers," "soft platens," and pads of every description have been placed upon the market at frequent intervals. But all these expedients proved futile because they merely sought to muffle noise which had been produced, instead of seeking to prevent the production. In short, they did no more than mitigate, very imperfectly, the consequences of an acknowledged evil. To eradicate the cause of the evil was beyond their purpose or power.

The Noiseless offers a positive solution of this problem. No longer is it necessary to drive stenographers into the far corners of the office. They may be placed where they can be used to the best advantage. Their machines do not interfere with the use of the telephone or disturb conferences. Their work is not interrupted in order that the executive may have momentary peace. In other words, noise and confusion have given way to quiet and order.

But this is not all. Economy of time and the fruits of more intensive brain power may be calculated in dollars, but you

cannot buy new nerves. A large proportion of the most successful stenographers are not only alert but high-strung. Now, consider the effect which must be produced upon the high-strung temperament by an incessant, hard, metallic noise! Those who have developed the Noiseless Typewriter are convinced that the most common cause of fag and irritation in office routine is the relentless click—click—click of the hammer-blow typebar. Therefore, they were not content to pause in their efforts until they had produced a machine which, by being constitutionally quiet, brings relief to the whole office—to the typist first, but to every other member of the staff as well.

The methods employed to effect this great result are described in the following pages, but it is only by seeing the Noiseless in operation that one can realize what it means to those who are working under the high pressure inseparable from modern business.

One effect of such a demonstration is to recall the words in which Dr. Oliver Wendell Holmes describes his feelings when the street band, after doing its worst, has stopped:

And silence, like a poultice, comes
To heal the blows of sound.

Such are some of the considerations which have made it desirable that noise

should be removed from the writing-machine. And now that the result has been accomplished, the whole affair—like Columbus' egg—seems perfectly simple. At the same time, few inventions have been more difficult to bring through to a successful conclusion, or have required more firmness of purpose on the part of those who were engaged in the effort.

On the face of it, a really noiseless typewriter—securing its effect by sound mechanics rather than by palliative expedients, is almost a contradiction in terms. For the problem was to make a writing-machine which should not sacrifice any useful or essential feature in order to be quiet. Speed, touch, and manifold qualities must all be there, together with the standard conveniences and operating adjuncts. It was not as though the Noiseless were in competition with the original primitive typewriter of 1880, which, besides being noisy, was still crude in construction, and destitute of many operating features which all typewriters now possess. The Noiseless, to gain its standing, was compelled to reach the same high level as a working instrument which had been attained by the other machines, and also to do a full day's work in quiet. The stages through which the evolution of the machine proceeded were long and painful, from the moment when it appeared as an idea in the fertile, constructive mind of W. P. Kidder, to the time when the finished commercial product was ready for the market. It remains to be seen whether the Socialists, if and when they capture control of the economic fabric, can hold out inducements which will permit men to toil long and steadily for the realization of such an ideal and such a faith as are represented by the Noiseless Typewriter. This is not the place to set forth the rather striking and unusual history of the Noiseless Typewriter enterprise, but there is ample ground for the statement that the machine in its present form represents a degree of business courage and persistence which is in keeping with the importance of the result.

ESSENTIAL CHARACTERISTICS

Having set forth the theoretical basis upon which the Noiseless Typewriter rests, and alluded to the nature of the difficulties which were encountered in working out its central idea, a few words may be said regarding the essential characteristics of the machine.

The first question which enters the mind when one sees the Noiseless Typewriter in operation is, "What makes it Noiseless?"

The answer involves an explanation of the fundamental change which has been made in the method of printing. Other typewriters, without exception, employ a hammer-blow method. The platen roll limits the throw of the type, and through this contact between steel type and hard platen is developed the bang of the machine. In the Noiseless the printing is accomplished, not by a hammer-blow, but by pressure. The distance which the type travels is limited by the length of the type action itself, and is so fixed that the type just reaches the paper. Through an ingenious combination of leverage, impelled by the momentum of a rapidly moving weight, the action, after the type reaches the paper, exerts a remarkably strong pressure, and insures perfect registration.

This new principle of pressure printing makes possible the employment of the ideal printing surface—a steel platen. Since this platen is non-destructible, it is obvious that it need never be renewed.

The faces of the type-bars are protected from collision, and will always produce a perfect impression. As the type-bar is locked at the printing point, vertical or lateral displacement is mechanically impossible. Hence, permanent type-bar alignment is assured.

In the touch of the Noiseless are embodied to a quite exceptional degree ease, lightness, and elasticity. The customary slight resistance to the fingers is absent. By the simple manipulation of a thumb-screw the operator can adjust the keyboard tension to meet the demands of individuality in touch.

In producing a machine which is de-

signed to meet accepted standards and also to be free from the customary noise, great care has been exercised in the details of construction. In hardening processes, treatment of bearing surfaces, and the machining of parts, no effort necessary to produce accurate and lasting results has been spared.

The works of the Noiseless Typewriter Company are at Middletown, Conn.—that is to say, in the midst of a district which is known throughout the world for the excellence of its small-tool industry. The factory is a two-story building, 910 feet long by 50 feet wide, with four large wings, and a power house. The works manager, Mr. J. A. Ruffin, was for many years vice-president and general manager of the Hammond Typewriter Company, and is one of the ablest men now engaged in typewriter production. The factory equipment is of the best, and special attention is devoted to improving the processes of manufacture.

The Sales Headquarters of the Company is at 253 Broadway, New York City, under the charge of Mr. E. J. Sheehan, as Sales Manager. The President of the Company, Dr. C. W.

Colby, also has his office at the same address.

Where there are so many important new industries, THE BANKERS MAGAZINE would not have singled out the Noiseless Typewriter for the subject of a long article in its annual International Number were it not convinced, from its own first-hand knowledge, that this is a machine of exceptional importance, which gives promise of rendering great service to banking institutions, and to all whose mental processes are interrupted by harsh metallic sound. In the two years during which the present model of the machine has been on the market, it has found its way to many of the most important banks, trust companies, and insurance companies in the country. Structurally, it seems to mark a distinct step in advance, and the relief which it affords from head-racking din confirms the truth of this quotation from one of its advertisements in "The New York Times":

"Once you have come to realize
The manifold benefits of quiet
In office work,
You will bless once more
The Progress of Science."





OTTO H. KAHN

A NEW and exalted spirit pervades the land. We have made a new pact of unity. We have come to understand and appreciate each other better. We respect each other more. We are justly proud of the qualities which all Americans have proved to possess in common. We draw strengthened faith and heightened inspiration from the glorious vindication of the irresistible potency of the American spirit which has made its own, transfused and merged into a homogeneous people, thinking and feeling alike in national essentials, the men and women of many races who make up America.

We are now walking along the heights of great achievements and lofty aspirations. Let us shun the descent into the valleys we have left behind. Let us trust and strive that some at least of the things we have gained spiritually may never leave us. The vista which opens before us of America's future is one of dazzling greatness, spiritually and materially. The realization of that vision cannot fall us if we but meet our problems in a spirit of true Americanism, of moderation and self restraint and of justice and good will to all. In that spirit let us grasp each other by the hand and thus resolved and united against enemies without or foes within, let us march on towards the high destiny that Providence has allotted to the country which in grateful pride and deep affection we call our own.

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ELMER H. YOUNGMAN, Editor

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The Peace Conference

ALTHOUGH the President of the United States not long since wrote a letter earnestly requesting "every patriotic American to leave to the Governments of the United States and of the Allies the momentous discussions initiated by Germany," and notwithstanding the fact that a member of the United States Senate—since retired to private life by the voters of his state—has introduced a resolution proposing that the Senate should accept in advance whatever peace terms the President might agree to, thus abrogating the Senate's constitutional function as a part of the treaty making power, it may not be considered wholly irrelevant for the people who have furnished the men and the money instrumental in bringing the war to a victorious conclusion to have some say in the terms which Germany must accept. Unless the temper of the people of the United States is totally misapprehended, they will insist upon a peace that includes these objects:

First.—That the German Empire (or what is left of it) be forever shorn of its capacity for again deluging the world in blood.

Second.—That the cost of the war and of the restoration of the devastated territories be borne by Germany to the fullest extent possible.

Third.—That those guilty of planning and carrying out the heinous offenses of which Germany has been convicted already in the court of civilization be fittingly punished.

These are the things to which consideration should be first addressed at the peace conference, and the people of the democratic governments of the world should rigidly insist that these objects be carried out.

Until these primary requirements of international justice are satisfied, it is the worst sort of mockery to talk of a league of nations or of disarmament.

Justice to the living and honor to the millions of valiant dead require that these essential conditions of peace be first fulfilled.

Afterwards there will be time enough to consider plans for filling the stomachs of the German people.

Henry Ford's Opinion of Bankers

WHILE visiting New York recently, Henry Ford, the well-known Detroit manufacturer, gave expression to some opinions in regard to bankers which can hardly be permitted to go unnoticed. Mr. Ford had been in attendance at a meeting held for the purpose of collecting funds for the United War Work campaign. This meeting was designated as the "Lambs-Friars' Frolic," and apparently under the auspices of two organizations whose membership is composed principally of stage people. It seems that some individuals in the audience, Mr. Ford among others, were singled out by name and requested, in rather strong language, to make large contributions. This angered Mr. Ford, who arose from his seat and left the hall, and afterwards spoke resentfully of the methods employed in endeavoring to collect funds. His resentment was not improbably well founded, and it must be said that some of the devices resorted to in New York to raise funds for various war purposes have been outrageous and indecent and a disgrace to the city and the country. Possibly, however, considering all the circumstances of the meeting which Mr. Ford was attending, a man with a greater sense of humor than he evidently possesses would have taken the incident less seriously. It must be admitted, however, that Mr. Ford was well within his rights in feeling and expressing resentment against the methods employed to secure his subscription to a fund to which he would doubtless have liberally contributed had he been approached in the right way.

But it is to a report of an interview with Mr. Ford on the following day, as published in the New York "Globe," that attention is directed. Mr. Ford is quoted as saying:

"As for the prominent men who were present at the frolic, they were bankers.

"That house was full of bankers. You saw them wherever you looked. And those bankers don't want to end war. They want to make other wars, for their own gain, so that our boys can lose some more arms and legs. That's all they want. They make monstrous sums of money from war, and then they come to meetings and give a little fraction of their gains away, and go away feeling virtuous, and the newspapers come out with big headlines saying how patriotic they are. They're so patriotic that they'd plunge a country into war any day of the week and let thousands of men get maimed and thousands of women and children suffer. That's how patriotic they are.

"Now, I'm willing to give employment to every man who comes home from the war and needs it. I'm willing to take those boys right into my factory, and give them a chance to make their living

there. Those bankers are willing enough to send the boys off to fight in the trenches, and to lose an eye or a limb in fighting. But you just ask them what they are willing to do for the boys when they come back, and see if any banker at the meeting last night is willing to give jobs to those same boys. And I'm willing to wager that they'll say that taking care of war veterans isn't their business. No, banking is their business. That's what's the matter with them."

If these sentiments did not accord with others which Mr. Ford has openly avowed, it might well be believed that he was not correctly quoted.

To defend the bankers of this country from his unjust and foolish aspersions is unnecessary. It is enough to point to the record of service and sacrifice they have made since this war began—a record with which that of Henry Ford does not brilliantly compare—and to say that the bankers of America did not sink the "Lusitania," rape Belgium and rob France.

Mr. Ford's incendiary outburst comes at a most inopportune moment. Now, if ever, men whose positions give to their utterances unusual weight, ought to be restrained in their language, especially avoiding any statements further calculated to stir up class feeling and hatred.

This country has been exceedingly kind to Henry Ford. Through the opportunities offered him he has been able to pile up an immense fortune in a short time. Rather than share his gains with the public, he has preferred to amass them for his own personal aggrandizement. Because the world does not choose offhand to accept all his own peculiar notions regarding the reconstruction of human society, he indulges in petulant denunciations like those above quoted. A very rich man himself, he seems to take particular pains to inveigh against others who are supposed to have or to represent wealth. His objections to bankers probably typify his dislike of them as a class, and not as individuals. He can not surely believe, for example, that the bankers of his own city of Detroit are such inhuman monsters as his heated language describes. His absurd notion that bankers are responsible for war rests upon the monumental fallacy that the banker profits through war and consequently is indifferent to the cost and suffering which war entails. The bankers of the United States have, it is true, been energetic in providing funds to carry on the war, as they have been in raising money to alleviate its distress and suffering. But have they been especially distinguished in this work, except as the positions which they occupy have rendered them conspicuous? Have not all classes, even the humblest, likewise contributed to the extent of their ability?

Mr. Henry Ford's dislike of war is not confined to himself alone. Few thoughtful men, bankers included, regard war as anything but a desperate resource to end intolerable wrongs. They are hoping and

patiently seeking for a better way, and many had even reached the belief that this hope was on the verge of realization when the madman of Europe launched the attack which has deluged the world in blood. Still, those of great faith and patience do not yet despair. They will be grievously disappointed if this awful struggle does not itself provide a remedy that will act in restraint of the warlike tendencies of mankind. And in this expectation bankers share in at least the same degree as other members of the community. But this hope can not be realized until some practicable means is found whereby international injustice can be prevented. You may even disarm men, but while wrong and oppression exist men will fight against them even with the rude weapons which nature itself provides. And it will be a sorry day for mankind when the banker or anybody else takes a different view of the matter.



Is a Sane Internationalism Practicable?

BUT yesterday the nations of the world were engaged in furious combat, apparently bent upon the destruction of one another.

To-day it appears that this was only an emphatic method of expressing mutual love! According to this view what the world was fighting for was not to establish the supremacy of any one nation or group, but to lay the foundations of a new political order which would merge all merely national aims in the common purpose of internationalism. The thought is an enticing one. What an alluring picture might be drawn, showing the obliteration of all international rivalries, with no nation seeking its own ends but striving solely to build up the interests of every land on the face of the globe!

Present indications afford no ground for believing that any such millennial conditions are approaching. On the contrary the end of the war has brought new and serious problems to the fore and has multiplied the difficulties of keeping the nations of the earth together in harmonious relations. The disintegration in Russia, the split between Austria and Hungary, the breaking up of the German Empire, and the creation of new Balkan States—these are a few of the fresh complications, to mention no others, which the war has introduced into world politics. The almost hopeless nature of the situation is realized by statesmen generally, and they are pinning their faith on the league of nations to hold the discordant elements in check. Others go further and would practically discard national boundaries and policies for a globe-encircling internationalism. They would substitute for patriotism a love of all mankind.

The eradication of patriotism from the human mind and heart is no easy task. From childhood love of country is taught with almost equal zeal as religion. More than that it grows spontaneously with the very air we breathe and the scenes that lie about us. It is strengthened by the institutions and associations that form so large a part of our daily lives. True, like religion, it is sometimes used as a cloak by those of evil purpose. Political bosses generally make the most fervent Fourth-of-July speeches.

But the supreme thing about patriotism is that men grow so well knit to their native land that they are willing to die for it, as millions have so recently shown us.

Can a sentiment so dearly held be easily dislodged from men's minds and hearts? Ought it to be, even were the task easy?

Only a negative answer can be given to these questions. As a matter of fact, we are not going to see in the immediate future at least any diminution of patriotism or national spirit. We shall rather have an intensification of such feelings. Does any one expect an abatement of patriotic fervor in Italy, or France, or Great Britain? Are we in this country not already preparing to give our returning troops a welcome that will shake the very earth?

There appears no ground for believing that the world intends immediately to embrace a spurious internationalism based upon the assumption that all differences between nations have forever disappeared and that the era of human brotherhood is at hand.

But this by no means implies that all the old envy and hatred and jealousy shall persist in the full force that has so recently drenched the world in blood. The costly lesson has been learned that an uncurbed ambition to gain power will receive a check when it affronts the conscience of the world. Despots mad with the lust of domination can not ride rough-shod over the small and weak nations of the earth. Nor can economic weapons, less brutal but almost equally deadly, be employed for like ends. After due reflection possibly statesmen will come to a further realization that there is enough business to be done to keep all the people of the world prosperously employed and that there exists no good reason for trying to appropriate foreign trade or foreign lands to the exclusion of others wishing to trade in the same field. From this step, in the course of time, the conclusion may follow that national prosperity, instead of being incompatible with international prosperity, is to no small extent dependent upon it. This may tend, not upon moral or sentimental grounds but from an entirely practical standpoint, to encourage the practice of international justice, which constitutes the most hopeful basis for future peace.

More cordial relations between countries whose national polity rests upon justice will be promoted by a sincere effort to remove the causes which engender prejudices and misunderstandings, and

by seeking to emphasize points of agreement between nations rather than those of disagreement. But back of all efforts to preserve the peace through a league of nations, or to bring nations nearer each other, must be a disposition to deal as justly with those who live in foreign lands as we do with those who are our neighbors.



Readjustment to Peace Conditions

THE ending of the war brings suddenly to mind the fact that this country is but little if any better prepared for peace than it was for war. Our indisposition to act beforehand in either of these important matters may not be due so much to negligence as to a national propensity for doing things quickly under the spur of necessity. But this mode of procedure, while it may afford a gratifying example of the great amount of work we can do in a given time, has its disadvantages. In war it costs more lives and money; in peace it may lead to serious economic disturbances. While the latter consequences are far less grave than the former, they are not to be ignored. It would be peculiarly unfortunate at the present time to have a general shutting down of industry, with loss of employment and widespread distress. Equally regrettable would be a financial convulsion which might retard the country's prosperity for a long time. There is no indication that either of these conditions may supervene, but it is evident that the economic life of the country must soon undergo a marked change and that great dexterity will be required in making the transition from the present to the future order.

It is probably fortunate that the Government has such a powerful grip on industry and finance. A bureaucracy, whatever its defects, has this advantage: it can act with promptness and decision, without waiting for masses of people to make up their minds and then act through the leisurely process of legislation. In ordinary times all of us, at least in a republic, prefer the slower process, with its delays and mistakes, but in times like the present the more expeditious method may be necessary. At all events the Government will continue to exercise control over industry, finance and transportation until we are at least well on the way out of our existing situation.

After peace is established the first problem will be that of bringing back our troops from Europe—a process which will probably be much less rapid than many expect. When the men are safely home again, it will become necessary to find employment for them. Fortunately many will find their old places waiting, but there will

also be a large number of others for whom provision must be made. Without a more accurate gauge of future conditions than is now possible one cannot say whether or not the matter of finding employment for so many men will be a simple one. That will depend upon the industrial and financial situation when the men return. Numerous industries will soon curtail their production, and others will suspend altogether. On the other hand, many industries now dormant will reawaken. Women who have taken the places of men in a good many lines of work will give up their places to the returning soldiers.

Before long we shall have a very large mercantile fleet. If it is decided to retain and make use of these ships, this will afford employment to some of the released naval forces. Our whole shipping policy remains to be formulated and developed.

Modification of the present Government control of capital and credit may be looked for in time. War expenditures must, however, for some months at least, continue to make heavy demands on the country's investment and liquid funds. Gradually these demands will lessen and the ordinary uses of capital and credit be restored.

Interest will centre on the policy of the Government toward business, transportation, the telegraph and telephone. That a larger degree of control will be exercised than before the war is a practical certainty, though this may not imply a continuation of the present degree of public intervention, much less an extension of it to include all kinds of business.

Labor, capital and machinery have been devoted largely to war ends. Henceforward these elements of production must be employed more and more in the peaceful industries. The problems involved are of great magnitude and intricacy. That a wise solution of them will be made seems a logical conclusion, seeing how efficiently the United States has met the many and serious difficulties of the war itself.



The Proposed League of Nations

PROPOSALS for a league of nations to follow the end of the great war have been put forth from time to time by eminent statesmen and publicists in various parts of the world. Those countries which have been fighting against the Central Powers of Europe to-day virtually constitute the nucleus of such a league, though the proposed league when formed may prove quite different both in its composition and character.

There are doubters and scoffers who can see nothing practicable

in the suggestion for such a banding together of the nations. These doubting Thomases tell us that the world has been fighting from the earliest times and will always continue to do so. They have the teachings of history on their side. But until recent times so did the apologist for slavery, and yet slavery has perished. Very likely there will always be a certain amount of fighting going on in the world, not continuously, but whenever one nation or group seeks by aggression to gain some unfair and selfish advantage over others. An effective league of nations may act in restraint of such unholy ambitions. Had Germany foreseen the number and prowess of the antagonists that were gradually to take arms against her, Belgium might have remained uninvaded. Surely it need not be impracticable to league nations together in a covenant to protect the weak against invasion, theft and murder. That the rights of each nation are the common concern of all is a lesson which the great conflict has taught, if it has any instruction whatever.

It is too much to expect that the entire world will be purged of the sin of covetousness through the suffering which the war has entailed. The repentant mood of international sinners may be longer than those of the individual in proportion as the offense and its consequences are greater; but the lesson may be obscured as time passes and at last completely forgotten. Then the sinful ways will be resumed. As some individuals profit little or nothing by experience, so do nations fail to gather wisdom through trials, defeat and humiliation.

One could well wish that this were not so. What a comforting thought it would be that the suffering of the great war is to find its recompense in ideal relations between all the nations of the world henceforth and forever! But if this can not be looked for, at least we may hope for something better than the distrust and selfishness which have too largely characterized international relations in the past. A league of nations, carefully devised and animated by just principles, may powerfully assist in protecting the rights of weaker countries from the aggressions of the strong. By encouraging the practice of justice among nations it will tend to secure that wider adoption of fair dealing which alone can offer a reasonable basis for enduring peace.



Our War Debt

STATISTICIANS are now busily engaged in figuring the cost in money of our participation in the European war. Some careful estimates place the amount at about \$20,000,000,000, or twenty times the debt when we declared war against Germany, and comparing with a net indebtedness of \$2,674,000,000 on July 1,

1865, which marked the close of the fiscal year nearest the end of the Civil War. But counting the increase in population, and especially of wealth, the disparity in the debt now and then is less than appears from these figures.

That the country will bear this large debt without great inconvenience and prosper under it may be expected, although there are many not disposed to subscribe to the adage that "a public debt is a public blessing." At least it is a "blessing" that most of us would cheerfully dispense with at the earliest opportunity. This feeling should lead for provision for the gradual payment of the debt until a substantial reduction in the present huge total is effected.

How will the debt be paid? Through taxes, of course, unless we are able to pass the obligation over to the Teutonic Powers who were responsible for its creation. Could defeated nations be saddled with the burdens they put upon the world for defense against their attacks it might act more potently to discourage war than all your leagues to enforce peace. Paying the piper might, after all, prove the strongest restraining power against nations disposed to indulge in military revelry.

But probably we shall have to pay this debt ourselves, paying heavy taxes indefinitely because of a war-mad despot's ambition to rule the world. Believing as our people probably do that the guilty party should pay rather than the innocent, they will nevertheless shoulder this burden uncomplainingly, looking upon it as a part of their expense in helping to preserve the structure of civilization from collapse.

Curious computations have been made showing that these huge war debts can be paid with little inconvenience. The argument runs something like this: the people hold the bonds, which are the evidences of the debt; the money paid for the bonds goes back to the people for materials of war, very largely, or is paid to the people who are in the military or naval service. It requires money, derived from taxes, to pay the interest on the bonds and to meet the principal at maturity. But again the people who are to receive such payments are generally those who pay the taxes. This circle of reasoning seems to prove that the people simply pass their money from one hand to the other, and are consequently none the poorer.

To see the weakness of this conception of the beneficence of war taxation we have but to consider the source of the money absorbed in interest and taxes and how the Government's expenditures are utilized. One can pay taxes and buy bonds either by shutting down on expenditures or altering the mode of investing surplus funds. Economy has helped in supplying funds with which to meet the financial demands of the war, but these demands have been largely met by altering the course of investment, and this was done under

compulsion. The investment fund of the country, prior to the war, was going into productive enterprises of all sorts, increasing the facilities of production and exchange. This fund, since the war, has been turned very largely into producing war materials and in maintaining the naval and military effort which it was necessary for the country to exert in order to help in bringing the struggle to a victorious conclusion. It thus aided in winning the war, but was not employed in producing more of the goods and services ordinarily consumed by the people. Such goods and services have either not been procurable at all, or at a much higher cost. And long after the war has passed into history there may be a deficiency in the supply of productive capital—the capacity to produce and exchange goods—due to the fact that the investment fund of the country has been diverted from its customary channels of employment into those of military and naval activity. This lack has already been felt in the higher cost of goods (due in part, of course, to other causes) and may continue indefinitely. On the other hand, the impetus which the war itself has given to the energies of the country, and the remarkable demonstration of our financial and industrial power, may so inspire confidence in our ability to do even greater things, that the loss just referred to may be largely counter-balanced.

We shall, without doubt, maintain the unbroken record of the United States in paying its debts in full. To repair the cost of the war, energy in business, greater industry and more saving will help incalculably.



Prospective Reduction of Taxation

ONE of the gratifying incidents of the return of peace has already made its appearance in the welcome announcement that taxes for the coming fiscal year will be reduced very materially. In a letter to the Chairman of the Finance Committee of the Senate, Secretary McAdoo declares that in view of the German surrender the revenue bill that passed the House is more stringent than the changed situation will justify. He appeared before the committee to discuss his recommendations for amendment of the pending bill. The large reduction in military expenditures now required, Mr. McAdoo says, will cut from \$24,000,000,000 to \$18,000,000,000, the estimate he made last June of a total outgo for the fiscal year.

As not all the Allies can pay us in gold or commodities for food-stuffs they must have, Mr. McAdoo states, a continuation of the credit advances we have been giving them will be necessary. He

proposes to ask Congress for authority to make loans to the Allied countries for purposes growing out of the war. But at the same time he believes that such credits should be kept down to a minimum and that as speedily as they can the Allies should pay us in cash or in goods as soon as they receive raw materials and commerce is gradually restored so that their industries can be revived.

A further reason for continuing the credits is held to be the wisdom of letting our own industries return gradually to a normal ante-war basis and not derange prices and produce unemployment in this country. A reduction from \$8,000,000,000 to \$6,300,000,000 in the amount to be raised by the Revenue bill is recommended. The eighty per cent. war profits tax is to be retained, and the excess profits tax rates applicable to the calendar year 1918 are to be kept where they are now in the act of October, 1917, and should be payable only where the amount to be derived is greater than the return from the proposed war profits tax, as contracts have been made based on a heavy war profits tax that Mr. McAdoo says should be retained. But, he urges, to encourage industry, the excess profits tax and the war profits tax should both come to an end with the tax year of 1919, and he asks that the pending bill be immediately amended to that effect.

This would make the total revenue to be raised for the calendar year 1920, \$4,000,000,000. Inasmuch as business must know in advance what the burdens of excess profits and war taxes are to be, it is pointed out that Congress should now decide the taxing policy. To compensate for possible reduction of revenue beyond the amounts indicated it is recommended that there should be an increase in the corporation and individual income taxes.

Bravely as the country has borne up under the heavy load of taxation which the war has imposed upon business, there will be a sigh of relief that at last we have reached a point where the taxes are not to go on increasing but are to be reduced. The amount of the reduction, while gratifyingly large, is in fact less important than the fact that there is a reduction instead of an increase. It will be a long time before the incubus of taxation which the war has imposed will be entirely removed, though with the fiscal year 1920 it may be expected that some of the most burdensome of the taxes will disappear. With this weight off its shoulders the business of the country ought to proceed under more favorable conditions than those which have prevailed since this country became involved in the great world war.



Let us honor the great army that died.

—CLEMENCEAU

Banking and Commercial Law

CASE COMMENT AND REVIEW

Tricking the Bank Examiner

IT is a wise and good law that limits the amount of money which a bank may loan to any one individual or corporation. Most states have such a law and a provision of this kind is to be found in the National Bank Act. It is a law, however, that can be circumvented, provided the persons who undertake the task are clever enough to keep the fact of the excessive loan concealed from the bank examiner. But, unfortunately for those who make the attempt, transactions of this character have a way of coming to light irrespective of any discoveries that may be made by the bank examiner.

There is a recent decision by the Springfield, Mo., Court of Appeals (*Bank of Dexter v. Simmons* and another, 204 S. W. Rep. 837), which discloses how a person may start out with the sole intention of trapping the bank examiner and wind up by becoming hopelessly caught in his own trap.

The president of the plaintiff bank, it seems, was engaged in a business enterprise, entirely distinct from his banking interests and known as the Simmons Lumber Company. He had borrowed money from the bank to the full limit allowed by law, and he needed more to be used in his lumber business. So he persuaded the two defendants to sign their names under the signature of the Simmons Lumber Company on a promissory note. It was explained to the defendants that it was not a regular note they were signing and that the bank would not use it for any other purpose "than to exhibit the same to the state bank examiner." It was stipulated that a collateral agreement would be made and accepted by

the bank whereby it would look solely to the president for the payment of the notes. And when the notes were signed the defendants were told by the cashier that such an agreement had been made and had been accepted by the bank. All of these facts the defendants set up in their answer when suit was brought against them by the bank, and they further set up that the bank, contrary to its agreement and "in fraud of the rights of these defendants," had entirely released the president from liability on the notes and "is seeking to collect the same wholly from these defendants." And what the bank was seeking to do "in fraud of the rights of these defendants" it accomplished; the defendants were held liable on the notes.

In entering into the arrangement with the bank the defendants overlooked the fact that the money, which was being illegally loaned to the president, in reality belonged to the stockholders of the bank. This point the court carefully brought out in its opinion; in answer to the defendants' proposition that the notes were signed, not for the purpose of assuming any liability, but merely for the benefit of the bank examiner, the court stated:

"It has not escaped our attention that same is not free from fraud on defendants' part. It is alleged that plaintiff bank had already loaned to Mohrstadt (the president) all that the law permitted, and that the defendants knew he was seeking to evade the law, and did in fact violate it by making further loans to him in his trade-name. It is further alleged that defendants consented to aid him in doing this by lending their names to these notes so as to deceive the bank examiner, a public

official, and thereby conceal the wrongdoing. The stockholders are the real owners of the bank, and the answer discloses a scheme in which these defendants participated by which the officers of the bank were defrauding the stockholders, and therefore the bank itself. According to defendants' allegations, they joined with Mohrstadt in making these two notes, given for valid loans of the bank's money, which they knew were in excess of the bank's legal limit, and, while apparently the obligations of the three parties signing, the notes were in fact by a secret agreement to be the obligation of one person only and dependent on his solvency. The defendants cannot be allowed to assert such an agreement even if made with the chief officers of the bank. It would seem to be even beyond the power of the board of directors to make such an agreement."



Effect of Pass Book Entries

The entry of a deposit in a depositor's pass book is evidence that such deposit was made on the date shown by the entry, but it is not conclusive evidence. It is always possible for the bank to show, if it has the necessary evidence, that the entry was erroneous and that no such deposit was in fact ever made.

This rule was applied in the case of *L. J. Brosius & Co. v. First National Bank of Mobile*, 174 Pac. Rep. 269, a decision of the Supreme Court of Oklahoma.

The plaintiffs here sued to recover a deposit which they claimed was standing to their credit in the defendant bank. They had a pass book in which it appeared that they had made a deposit of \$170 on April 29, 1911, and another deposit of like amount on May 1, 1911. A red line, however, was drawn through the entry of April 29. With respect to this red line it appeared that the cashier, who made the entry originally, had been superseded by a new cashier; the latter, upon ex-

amining the books of the bank, could find no record of a deposit having been made on April 29 and he thereupon ran a red line through the entry in the pass book. It also appeared that the plaintiffs made no protest to the bank for several months after this correction had been made and the pass book returned to them.

The court held that there was sufficient evidence to establish that the entry of April 29 was an error and that the plaintiffs could not recover. In deciding the case the court evolved the following rule: "Where an entry upon a pass book of a bank is admitted to have been made by the cashier of the bank, and it is claimed, in an action to recover such deposit, that the entry is an error, the burden is upon the bank to show, by a preponderance of evidence, that such entry was an error; but where such pass book is balanced correcting such error, and the depositor, after the corrected pass book is returned to him, fails for a considerable time to make objection to such correction, the burden is upon the depositor to show that such deposit was made and the correction erroneous."



Bank Should Exercise Care in Turning Funds Over to Sheriff

The sheriff is an officer of the court and as such is to be duly respected. Among the many duties of his office is the service of executions against property in favor of judgment creditors. When the sheriff appears with a mandate of the court, the person to whom it is presented must keep in mind the fact that he is standing in the actual presence of the court. But, when the sheriff demands that he turn over certain property in his hands belonging to a judgment debtor, he must also remember that the judgment debtor has rights in the transaction which are not to be violated.

It has recently been held that a bank was liable where it turned over to a sheriff, in satisfaction of a judgment, funds in its hands belonging to the judgment debtor, which under the law were exempt from execution, it appearing that the bank handed over the funds without notifying the judgment debtor and giving him an opportunity to make his claim of exemption. The case referred to is *Charles Hing v. Joe Lee* and the First National Bank of Merced, 174 Pac. Rep. 356, a decision of the California District Court of Appeal.

The plaintiff, Hing, was the owner of an endowment policy, on which he had borrowed \$1,000 from the insurance company and which he had assigned to the defendant bank as security, the bank acting as agent for the insurance company. On April 1, 1916, the policy matured and there became due to the plaintiff the sum of \$1,325.94. The insurance company sent to the bank a check for this amount, payable to the bank and to the defendant. At this time the plaintiff was indebted to the defendant bank on two promissory notes held by the bank, which aggregated \$867.45, and it was agreed between the plaintiff and the bank that this indebtedness should be paid out of the proceeds of the policy.

On receipt of the check the bank sent a clerk with it to the home of the plaintiff, who was ill, for the purpose of obtaining his indorsement. The plaintiff indorsed the check and told the clerk to leave the balance, after paying the notes referred to, in the bank and that when he got well he would go around to the bank and get it. These instructions were carried out and the balance, which amounted to \$489.59, was placed to the plaintiff's credit in the bank. On the next day the sheriff appeared and made demand for the balance in the bank's hands, by virtue of an execution in favor of a judgment creditor. The bank promptly handed over the money and the plaintiff did not find it out until several days later.

Each state has its own particular laws with reference to what property

shall be exempt from execution. In California it is provided that the proceeds of an insurance policy, of the character of the one here involved, the annual premium on which is less than \$500, shall not be subject to execution. And in view of this statute and the relation existing between the bank and the plaintiff, the court held that the bank was liable to the plaintiff for the amount which it delivered to the sheriff.

The following quotation is taken from the opinion written by the court: "The bank sustained to respondent a relation of trust and confidence and it had no right to withhold from the latter information that was essential to the protection of plaintiff's interests. Indeed, rather than permit the property to be lost to plaintiff without an opportunity to assert his claim of exemption, the bank should have informed the sheriff that the money was exempt from execution and would not be paid over until it could be ascertained whether plaintiff desired to waive his privilege. . . . We consider it a plain breach of trust on the part of appellant (bank) and we cannot believe that the moral sense of the community, or the common practice of banks, or any provision of the statute, justifies the course which was herein pursued to the prejudice of respondent (plaintiff). . . ."

"We feel satisfied that, in view of the ignorance of the plaintiff of the levy of the execution, it was the duty of the bank to notify him before turning the money over to the sheriff. If it had been other personal property belonging to plaintiff, in the possession of defendant, a sale would be required and it would have made no particular difference whether the bank gave notice or not, since the sheriff would have been required to give notice to the plaintiff before the sale. But, it being money, the conduct of the bank made it impossible for plaintiff to claim this privilege of exemption and hence defendant should be held responsible for the amount lost."

Pass Book Rules Must be Brought to Depositor's Attention

It is within the power of a bank to enact and enforce such reasonable rules as it deems necessary for its protection. But it seems that in order for such rules to have any binding effect on the bank's depositors, they must be brought to the depositors' attention. The usual way of bringing the ordinary rules of a bank to the attention of its depositors is to have the rules printed in the pass books issued by the bank or published in some other manner which might reasonably be expected to attract the depositors' attention.

In the case of *Denbeigh v. First National Bank of Seattle*, 174 Pac. Rep. 475, we have a recent decision that the printing of a rule with regard to reporting erroneous payments by the bank in the bank's pass books and on its monthly statements to depositors, was not sufficient to bring it to a depositor's attention so as to make it binding on him.

This does not mean that in no case would a court hold that a rule published in this manner would be binding on a depositor; it means that under the circumstances of this case, a publication of this character was insufficient. Nevertheless the decision indicates that it is well worth a bank's time to take thorough measures toward acquainting its depositors with its rules.

The plaintiff, who was a depositor in the defendant bank, brought suit to recover \$3,500, the amount of a forged check which the bank had paid from his account. The forgery was committed by the plaintiff's bookkeeper and the check was paid under such circumstances that the court decided that the bank would be liable, unless certain rules of the bank would protect it.

One of the bank's rules, which was published in the pass books, read as follows: "Always bring this pass book with your deposits. See that the entries agree with your tickets. Please call for your statement on the first of

each month and report difference, if any, at once."

Another rule read: "If no error is reported in ten days the account will be considered correct." This rule appeared on the monthly statements furnished to the depositors by the bank.

The forgery of the \$3,500 check was not discovered by the plaintiff until eighteen days after the payment of the check, at which time the plaintiff promptly reported it to the bank and the court held that the plaintiff was not guilty of actual negligence in not discovering the forgery earlier. So it all depended on the question whether the ten day rule referred to above was binding on the plaintiff.

The court decided that the rule was no protection to the bank for the reason, as stated, that it had not been called properly to the attention of the depositor. In reaching this conclusion the court was influenced to an extent by the statute of the State of Washington, which provides that a bank shall not be liable for paying a forged check, unless the depositor gives notice within sixty days after the voucher is returned to him.

The following is taken from the opinion: "We are equally clear that the notice printed on the outside or front cover of the bank pass book, and the form of receipt for the monthly statement and vouchers requiring notice to be given within ten days, were not specially called to the appellant's (depositor's) attention and did not become a contract between the parties and that it was not necessarily negligence on the part of the appellant to fail to comply strictly therewith. We are more specially of this opinion because of our statute. * * *

"While it is true that this statutory provision states the extreme limit within which such notice must be given in order to bind the bank, yet, the Legislature having fixed a limitation period, we do not favor a shorter limitation period, by private contract, unless strictly proven. Such a contract should never be presumed. Within the sixty-day statutory period each case must be de-

terminated from its own facts; and the question as to what is a reasonable time for the giving of such notice will depend upon particular circumstances of the particular case, and not upon the arbitrary dictum of the bank."

Leading Cases

Mailing Check to Drawee Bank not a Proper Presentment

NEW YORK

New York Supreme Court, October 2, 1918.
172 N. Y. Supp. 44.

MCEWEN BROTHERS VS. COBB, ET AL.

The mailing of a check to the bank on which it is drawn is not a sufficient presentment to charge the drawer with liability. The defendant, being indebted to the plaintiff, sent a check in payment, which the plaintiff deposited in its bank, at Wells-ville, N. Y. This bank forwarded the check by mail the same day to the bank on which it was drawn at Genesee, Pa. After holding the check without remitting for about four days the drawee bank failed. It appeared that during all the time between the receipt of the check by the drawee and its failure the drawer's account was sufficiently large to pay the check. After the plaintiff received back the uncollected check it began suit against the defendant on the original indebtedness, in payment of which the check had been given. It was held that the mailing of the check directly to the drawee bank was not a proper presentment; that, under the circumstances, the check operated as a payment of the debt and that the plaintiff could not recover.

Opinion written by the Court.

Sears, J. At the close of the evidence, both parties moved for a direction of a verdict. The evidence establishes the following facts:

On May 13, 1910, the defendants, who were co-partners, were indebted to the plaintiff, a corporation, in the sum of \$412.86, being the balance of an account for goods sold and delivered.

On that day one of the defendants, who lived in Genesee, Pa., drew a check upon the Genesee Banking Company, a private bank of Genesee, Pa., for the sum of \$412.86, to the order of the plaintiff, for the balance thus due, and mailed the check at Genesee, Pa., addressed to the plaintiff at Wells-ville, N. Y. The check was received by the plaintiff on the morning of May 14, 1910, which was Saturday, and was immediately indorsed by the plaintiff and deposited by it in the Citizens National Bank of Wellsville, and placed to the plaintiff's credit upon the books of that bank. On the same day a letter acknowledging receipt of the check and stating that it had been applied upon the defendant's account was mailed by the plaintiff to the defendant who sent the check at Genesee, Pa., and was received by him. The Citizens National Bank forwarded the check by mail on the same day that it was received—that is, May 14, 1910—to the Genesee Banking Company at Genesee, Pa., with demand for payment. On the 20th day of May, 1910, the Genesee Banking Company closed its doors and soon afterwards was adjudicated a bankrupt. The check in question was received by the Genesee Banking Company a few days before it closed its doors, on May 16th at the latest, but was not paid by the Genesee Banking Company.

The defendants at all times after May 13th had on deposit with the Genesee Banking Company, in the account on which this check was drawn, sufficient funds to meet the check. The Citizens National Bank of Wellsville received the check back from the Genesee Banking Company between the 23d day of May and the 1st day of June, 1910, when it was charged to the account of the plaintiff on the books of the Citizens National Bank, and was returned by it to the plaintiff, which in turn sent the check to the defendant O'Donnell in a letter dated June 1, 1910. The defendant introduced in evidence a Pennsylvania decision (*Merchants National Bank of Philadelphia v. Goodman*, 109 Pa. 422, 2 Atl. 687,

58 Am. St. Rep. 728) which holds that the sending of a check by mail directly to the drawee bank is not a presentation for payment, so as to entitle the bank, in which the check had been deposited by the payee, to charge the amount of the check to the account of the depositor because of the failure of the drawee bank to pay the check which had thus been sent forward to that bank by mail.

The defendant contends that under these circumstances he has established the defense of payment, and I agree with the defendant in this contention. As this action was upon the pre-existing debt for which the check was delivered, the defendant, pleading payment, must show delivery, acceptance, and loss to him through laches in presentation of the check. *Dehoust v. Lewis*, 128 App. Div. 131, 112 N. Y. Supp. 559; *Baldwins Bank v. Smith*, 215 N. Y. 76, 109 N. E. 138, Ann. Cas. 1917A, 500. The plaintiff, upon accepting the check, was bound to present it to the bank upon which it was drawn within a reasonable time. *Carroll v. Sweet*, 128 N. Y. 19, 27 N. E. 763, 13 L. R. A. 43. In this state this rule is now embodied in a statute. Negotiable Instruments Law, section 322. The plaintiff did not discharge this obligation by depositing the defendant's check in the Wellsville bank. The plaintiff, by depositing the check in the Wellsville bank, thereby constituted that bank its agent to make the presentation to the drawee bank. *Williams v. Brown*, 53 App. Div. 486, 65 N. Y. Supp. 1049.

While the authorities in this state seem to hold that it is not negligence as matter of law to forward a check for payment by mail directly to the drawee bank (see *Baldwins Bank v. Smith*, supra, discussing *Indig v. National City Bank of Brooklyn*, 80 N. Y. 100), no case that I have been able to find sustains the proposition that the full duty of presentation is fulfilled when the check is mailed and nothing more is done. Presentation would not be completed by handing a check in at a teller's window and leaving before receiving a response from the teller. As it

is pointed out above, this check presumably reached the Genesee Banking Company on May 16th, and should have been paid on that day, and the proceeds received by the Citizens' National Bank on May 17th; but on failing to receive such proceeds the Citizens National Bank failed to follow up the matter, although it had all of the 17th, the 18th and the 19th to do so before the Genesee Banking Company closed its doors on May 20th. This constituted negligence in presentation, and resulted in loss to the defendants, who, if they had been notified on the 17th, 18th or 19th of the failure of the Genesee Banking Company to pay the check, would themselves have had the opportunity to demand payment of their deposit before the failure of the bank.

The Pennsylvania decision introduced in evidence, however, is not controlling, because the questions here involved relate to the common law, concerning which our own decisions must be followed. *Faulkner v. Hart*, 82 N. Y. 413, 37 Am. Rep. 574; *St. Nicholas Bank of New York v. State National Bank*, 128 N. Y. 26, 27 N. E. 849, 13 L. R. A. 241.

Judgment is therefore directed in favor of the defendant, with costs.



Banking and the Real Estate Business

SOUTH DAKOTA

Supreme Court of South Dakota, September 3, 1918. 168 N. W. Rep. 717.

FARMERS STATE BANK VS. WEILAND

An officer of a bank, during his spare time, engaged in the real estate business, making use for such purpose of offices space, stamps, stationery, etc., belonging to the bank. In return for this accommodation he agreed to pay the bank \$1 per acre on all land sold by him. When the bank sued him for the amount to which it was entitled under this arrangement he contended that the contract was void for the reason that the bank was prohibited by

law from engaging in the real estate business. It was held that this did not constitute engaging in the real estate business on the part of the bank and that the bank could recover.

Appeal from Circuit Court, Turner County; R. B. Tripp, Judge.

Action by the Farmers State Bank against J. A. Weiland. Judgment on verdict for plaintiff, and defendant appeals. Affirmed.

Edwin L. Brown, of Parker, for appellant. Bogue & Bogue, of Parker, for respondent.

Opinion written by the Court.

McCoy, J. There was verdict and judgment in favor of plaintiff, and defendant appeals.

There is but one question presented by the record for determination, and that is the validity for the contract sued upon. It appears from the record that the appellant was a director and vice-president of the respondent bank, and as such was entitled to and did receive a salary from said bank for such services, and that, while he was so acting for said bank, appellant also engaged in the real estate business, selling real estate for others on commission, and used a part of his time during banking hours in negotiating the sale of real estate on commission, and also used the offices, rooms, stationery, postage, and other equipment and supplies of said bank, in negotiating and carrying on said real estate business, and that by reason of and as compensation therefor he agreed with respondent bank to pay to it the sum of \$1 per acre on all real estate sold by him while he was thus connected with said bank, and that said bank agreed to accept the said sum as compensation for said things used by appellant in said real estate business. It also appears that, while said contract was in effect, appellant, as such real estate broker or agent, sold 320 acres of land, and received as commission therefor the sum of \$800 and thereafter failed and refused to pay the said bank the said sum of \$1 per acre in accordance with the terms of said agreement.

It is the contention of appellant that, under the laws of this state, the respondent bank was prevented from engaging in the business of buying and selling real estate, in that it was not authorized to engage in any other business than that of banking, and that therefore the said contract was ultra vires, against public policy, and wholly void. We are of the opinion that this contention is not well grounded. It does not appear that any of the moneys of the bank were in any manner used, or to be used, in this real estate transaction with which appellant was so connected, or that the bank in any manner ever became or could become obligated, as debtor, contractor, or otherwise, in connection with such real estate transaction. No fraud, collusion or other matter appears, by reason of which the stockholders or patrons of respondent could in any manner be prejudiced by the making of said agreement. As we view this matter, the bank was in no manner whatsoever connected with or a party to the business of selling real estate. The only interest the bank had therein was in receiving a portion of the commission that might be earned by appellant as an agent for third parties, who were making real estate sales through appellant. The bank had nothing to do with the making of the sales or the transaction of the business in relation thereto. Incidentally, in connection with the banking business, a bank may legally become the owner of certain property.

It is a matter of common knowledge that many banks own their banking buildings in which they transact their banking business and that such buildings contain rooms therein which are not necessarily used in such banking business, and that such rooms may be rented to lawyers, doctors, real estate agents, and others for offices. We apprehend that a bank might rent such office rooms to a lawyer, doctor, or real estate agent, and agree to accept as compensation for rent a portion of the earnings of such occupant, and that it could not be said that the bank was engaged in the practice of law or medi-

cine, or engaged in the real estate business. In such instances, the same as this, the bank would be interested in such other business only in so far as to be entitled to receive a portion of the earnings of the tenant after such earnings had become the property of the tenant who had earned them. In this case the bank had an agent in the person of appellant, who was an officer of said bank, receiving a salary, and said bank also had offices and rooms and stationery which might be used by said agent and official in connection with his other agency of selling land on commission for third parties, and in consideration of permitting its said agent and official, the appellant, to use a portion of his time and said offices and rooms

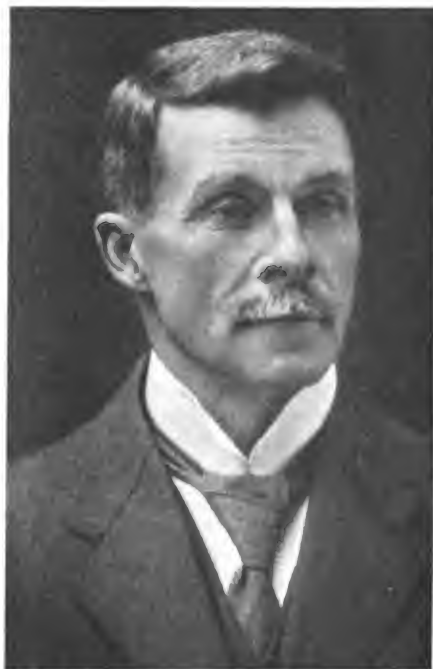
and stationery, in connection with his agency for others in the sale of real estate, the said bank agreed to accept, and appellant agreed to pay, a portion of his earnings as real estate agent to said bank. In the absence of anything tending to show that such arrangement or agreement in any manner prejudiced the said banking business, or was a fraudulent subterfuge by and through which the bank in fact transacted a real estate business, we are of the view that the agreement in question was a perfectly legitimate, valid and lawful transaction, and one which the bank and appellant had the lawful right to enter into.

The judgment and order appealed from are affirmed.

Australia's New Commercial Representative

GROWING commercial relations between Australia and the United States have prompted the Commonwealth Government to send to this country a special commercial representative in the person of Mr. H. Y. Braddon, M.L.C., of Sydney, N. S. W. He will have his office in New York.

Mr. Braddon has long been prominent in commerce and finance in Australia. He is Australasian superintendent for Dalgety & Co., and has held the presidency of the Sydney Chamber of Commerce and the Associated Chambers of Commerce of Australasia. He was born in India in 1863 and has carved out his own career, though he started life with certain ancestral advantages. His father, Sir Edward Braddon, was a retired Indian civil servant, and Miss Braddon, the well-known novelist, was his aunt. But since his sixteenth year, when he entered the service of the Commercial Bank of Tasmania, Mr. Braddon has made his own way in the world. His school education began in Germany, was continued



H. Y. BRADDON
Representative of the Commonwealth of Australia
in the United States

in France and England, where he spent three years at Dulwich College, and concluded with a year at the Savigny School, Launceston. Since that time study and work have gone hand in hand. In 1882 he transferred to the Bank of Australasia at Invercargill (N. Z.). Two years later he joined Dalgety & Co., going to the Newcastle office, and in 1887 he was moved to the Sydney office, where his ability, integrity and enterprise carried him from the bottom of the ladder to the top.

For the last eleven years Mr. Brad-

don has been lecturer at the University on "Business Principles and Practice." He delivered the "Fisher" lecture at Adelaide University in 1913, and the "Thompson" lectures at Brisbane University for 1916-17. He has held office as president of the Employers' Federation, and was a member of the Royal Commission on Food Supply, appointed by the Holman Government in 1911. Last year Mr. Braddon's name figured in the list of twenty-one nominated to the Legislative Council.



War's Destruction

THE process of getting back to normal, in a material sense, is destined to involve supreme difficulties for all the nations. The destruction brought about by the war is enormously greater than ever had been imagined. Military costs have reached 200 billion dollars, yet military costs, unhappily, appraise only one economic liability of war.

When peace is concluded we shall have to take full account of the extinction of human life, and of the loss that has come through the maiming of so many of the best men of the races. For those nations whose territory has been invaded and destroyed, or whose boundaries have been shut for years against intercourse with the world, the situation will be intensified. Economically the war from the start has paralyzed trade throughout the world, dislocated the machinery of distribution, decreased the supply of those materials necessary to the well-being of the human race, and destroyed capital resources. Cities, ships, railways, roads, and other property of incalculable value, built and developed by peace, have been terribly ravaged, and left in ruin. Parts of Belgium, France and Italy, which were garden spots of Europe, and sections of Poland, Russia, Serbia, Rumania and Armenia, are now barren and dead.

As with the magnitude and difficulty of economic problems, so with those

which are financial. The derangement of the intricate machinery, so carefully put together before 1914, by which the world was supplied with the means of finance, will have to be corrected when the war is ended, if industry and trade are again to receive life-blood in the way of new capital and credit. Billions of government debts will have to be funded, extended or liquidated.

The inflation of the world's currencies and the accumulation of government debts have built up prodigious difficulties for the time when international trade is resumed on a specie basis. Yet these difficulties must be handled at the same time that the world's bankers are coping with the essential problems of supplying the business of the world with the capital and credit necessary to its advancement. Upward of 50 billions of paper money, against one-tenth that amount of 1914, are in circulation in the countries at war, while 175 billions of bond and note obligations are outstanding, as compared with a total of 27 billions outstanding a little more than four years ago. The world's accumulations of capital for a great many years have been mortgaged by the war, and it is upon accumulations of capital that credit systems are ultimately based, and upon which they expand.—*Mechanics and Metals National Bank, New York.*

Getting Germany Out of American Business

By A. MITCHELL PALMER, Alien Property Custodian

I WANT the bankers of this country to help me to crush the stranglehold which Germany, through its bankers and agents, has had upon many of the essential industries of this country. I want to Americanize every German-owned industry in this country. I want to see every factory, every workshop and every manufacturing plant that is enemy owned placed in the hands of one hundred per cent. Americans for all time. The Americanization of German-owned industries in this country is a big task, and to be successful, I must have the hearty and patriotic coöperation of the bankers and business men of this country.

In the next few weeks we will sell approximately \$200,000,000 worth of enemy-owned concerns in this country at public auction. They include great woolen mills in New Jersey, large drug and chemical and other companies, lace works, machinery plants and a magneto company. More sales will follow.

These sales offer an excellent opportunity for the bankers of America to demonstrate their patriotism in no uncertain manner. They have aided our country nobly in raising funds to finance the war. They can continue this patriotic effort by helping to Americanize the great German-owned industries in this country. I feel that I can count on their coöperation in this great task of Americanization.

Whatever accounting is to be made when the war is over, for enemy property taken here during the war, so far as that accounting affects investment in American industry, will be for the money value thereof, and not for the thing itself. Without attempting to

prophecy what may be done with the proceeds, for this must remain to be settled by the treaty of peace, it is safe to say that the businesses which the Germans built up in America will be lost to them forever.

No other course would be compatible with the safety of American institutions. No other course would make the American field of industry and commerce "safe for democracy," for the German autocracy is quite as apparent in its economic exploitation of the world as in its governmental and military domination of central Europe.

No greater favor could be shown to Germany than by carefully managing and conserving these enemy properties as against the time when, at the conclusion of the war, upon accounting for properties of any kind, the former German owner could take up the invasion of American industry and commerce on the very salient which they had erected before the war.

If perpetual peace is to follow the end of this war, it must be grounded upon something different than the German Government's plan to make all industry and commerce redound to the power and aggrandizement of the German state, Germany must be made to understand that her plan has failed in the industrial field as well as in the military. Industrial disarmament must come along with military disarmament. Autocracy in industry must fall with the fall of the Hohenzollern dynasty. I have no doubt that America will be glad enough to compete in the world's markets with German production when that production is not controlled and subsidized by an autocratic power for

the purpose of extending that power the world around.

BANKERS' LOYALTY PRAISED

I owe a debt of gratitude to the bankers of America. No group of men have been more loyal, more patriotic or more willing to assist in the work of the Alien Property Custodian's office than the bankers of this country. Their coöperation is one of the things which has enabled me to conduct the Alien Property Custodian's office in an economical, systematic and businesslike manner.

Not very long ago I sent a form letter to the bankers of this country, asking them, among other things, to look out for anything that might be a clue to enemy-owned money or property. The replies I received to this letter were numerous. They kept a large correspondence force busy for weeks.

For weeks following the sending out of this circular letter, reports of enemy-owned money and property, due in large part to clues sent in by the bankers, flowed into the office of the Alien Property Custodian in greater volume than at any other period since the organization of the Alien Property Custodian's office a little more than a year ago.

Under the provisions of the "Trading with the Enemy Act," all money and cash items demanded and received by the Alien Property Custodian must be deposited forthwith in the Treasury of the United States. All other property taken possession of by the Custodian is deposited in banks and trust companies throughout the United States and in its insular possessions. Whenever a responsible bank or trust company reports enemy-owned property other than money, such bank or trust company is designated a depository for such property from the account of the enemy to the account of the Alien Property Custodian. Where the property is reported by others than banks and trust companies, a strong depository is designated in the locality most convenient for the handling of such property. In selecting depositories for property reported by individuals, preference is

given to those institutions which are members of the Federal Reserve System. In cases of continuing trusts where bank or trust is the fiduciary, the same bank or trust company is designated depository, and as fiduciary accounts to itself as depository. For purposes of conveyance, depositories are required to make quarterly reports, accounting for all receipts and disbursements during the quarter, and remitting the net balance, after deducting a reasonable commission, to the office of the Alien Property Custodian at Washington, where such funds are deposited in the Treasury of the United States.

The coöperation and assistance of over five hundred banks and trust companies throughout this country and its insular possessions has made possible the quick and accurate handling of nearly \$500,000,000 of property during the first year of the activities of the Custodian. If it had not been for such coöperation, it would have been necessary for the Custodian to maintain an enormous office, with a clerical force running into the thousands, and storage vaults of great magnitude. Under the conditions which have existed in Washington for a year and which are now more congested than ever, it would have been impracticable, if not impossible, to have taken actual custody of the vast enemy properties which are now being administered by the Custodian. The depositories are virtually branch offices, and perform duties which are essential for the proper administration of nearly 20,000 active trusts which are already opened on the books of the Custodian. The services of the depositories, which have been freely offered and loyally performed, have been especially valuable because of the knowledge and expertness of their officers in the various parts of the country and in its insular possessions.

GERMAN GRIP ON OUR INDUSTRIES

Long before the war, the German Government, through its agents in this country, sought to control practically every important and essential industry. It was part of her plan to colonize,

subdue and control the world. She planted a great industrial and commercial army on American soil, and that army had become so large and so powerful that when the war broke out in 1914 Germany believed it would be strong enough to keep America out of the war. Germany planted that army in every state of the Union, and its tentacles stretched out across the Pacific to Hawaii and the Philippines, in the Atlantic and the Virgin Islands, to Porto Rico, down to Panama and up to Alaska, without any part of American soil free from its touch.

This great German industrial organization exploited our great resources and husbanded them for their own use and their own power. They kept secret from America the processes and patents which might some day be used against them, and built up industry after industry, totaling possibly two billion dollars in money value and billions more in potential political value.

Forty years ago Germany was essentially an agricultural country. At the beginning of the war it was essentially an industrial country, with an external trade second only to that of Great Britain.

The industrial organization of Germany completed, the great German banks turned their attention to other fields. They established agencies in every country in the world and their representatives soon began to creep into the directorates and management of large industrial concerns in every part of the world. In many instances these branches of the great German banks financed the building and operation of large industrial plants for the great industrial leaders of Germany.

The activities of the German bankers, who in reality are agents of the German Government, are summed up in the following terse manner by C. D. Snow in a Department of Commerce publication called "German Foreign Trade Organization:"

"The aims of the German banking system regarding foreign trade expansion were to assist the German export merchant in every way by facilitating

export and providing food and employment for the domestic population, to develop the German colonies, to further German cable connections, to compete for a share in foreign loans, to found industrial enterprises abroad, to start and promote international commercial relations, to strengthen German influence in foreign countries, and last, but not least, to pursue a careful financial policy for the purpose of financial preparedness in the case of war.

"The Deutsche Bank, founded in 1870 was the pioneer in this campaign of foreign expansion. In the statutes of this great bank the following outline of its export program is found:

"The object of the Company is to carry on banking business of all kinds, particularly in the furtherance and facilitation of commercial relations between Germany, the other European countries, and oversea markets.

"The Deutsche Bank, I found, endeavored to carry out its objects in this country in a large degree. I found that its investment in the large industrial and public utility corporations of the country was approximately \$25,000,000. I believe that the final round-up will show a much larger sum. In some of these companies the Deutsche Bank interest was small. In others it was large and influential. Off-hand, I would say that this bank had investments in more than 100 of the largest industrial, railroad and utility concerns of this country.

"The Disconto Gesellschaft followed on the trail of the Deutsche Bank, but in a smaller degree, its investments in the industrial concerns of this country being upward of \$5,000,000. The Dresdener Bank had investments of approximately \$3,000,000."

It must not be taken for granted that, after the war, the competition of Germany in foreign trade, and in the domestic trade of the United States can be despised. We must not underestimate it. There is no reason to suppose, for instance, that the great German banks will abandon their plan and policy of assistance to German overseas trade. Just before the war, Ger-

many, with six billion dollars of external trade, was second only to Great Britain. The statutes of the Deutsche Bank state its object as 'the exploitation of banking business of all kinds in particular to promote and facilitate commercial relations between Germany, other European countries and overseas markets.'

The German bank makes loans to foreign houses solely in order to learn their way of manufacture and their clientele and then to transmit this information to its own clients. The great banks—the Disconto, the Dresdener, the Deutsche, and several others—establish communities of interest, form tacit syndicates, enter into secret arrangements under cloak of apparent rivalry, and adopt an industrial policy all for the purpose of directing the placing of capital in colonial undertakings and industrial ventures in other countries, the United States among the rest. This has been clearly disclosed by the investigations of the Alien Property Custodian. It is more than likely that this sort of thing will continue after the war.

The German banks go much further in the actual control of trade and industry than American bankers. While they perform the functions of deposit and credit, which are the distinctive functions of American banks, they are also financing companies. In this latter respect they take the place of investment companies, stock and bond houses, in this country. Article 2 of the statutes of the National Bank reads, "The object of the company is the exploitation of business of all kinds; banking in its true meaning, financial operations, credit issues, industrial and estate business.

The managers, directors and representatives of the big German banks go on boards of directors of their customers to an extent unheard of here. The Deutsche Bank, for instance, in 1911, was directly represented on the boards of 114 industrial companies. In short, it can truthfully be said that the operators of the banks are the real directors of German industry.

It is hardly likely that American bankers will be convinced that this is the true function of banks in this country, nor that industrial leaders would assent to such as overlordship. Here the relation between them is a coöperative one and properly so.

Nevertheless, it is the encroachments of German bank-controlled business in this country that both American bankers and American industrial leaders must combat. They are already entrenched here in the form of German ownership of controlling shares of American corporations. American bankers have a real red-blooded part to play in ousting them. The Alien Property Custodian is endeavoring now to show them the way. It cannot be effectively done by a passive interest in the financing of American purchasers of these German interests in American corporations. There must be an active and constructive effort made to not only loan the funds to effect these purchases, upon proper banking lines, of course, but American bankers should aid in every possible way in finding the American purchasers and in encouraging them to buy. This is a proper function for the great banks of America, those of the largest resources and with the organizations powerful enough and prevailing enough to do this work effectively. It is more than war service, the need for which is rapidly passing if events on the other side are correctly read. It is a matter of self-defense of our industrial interests. Without the active championship of the bankers of the country, this opportunity to restore American business to American owners will be lost.

There should not be left in this country at the end of the war any considerable German interest in American business that can be used as vantage points in the exploiting of German business here, hereafter. It is the bankers of America as well as the business men of America, who must combat the favorite weapons of bank controlled German business of dumping, export bounties, import houses, subsidized steamship

lines, and other methods of strangling and crushing its adversaries.

A recital of the operations of the big German banks in other countries would be a long story. It is not altogether the well-known system of branch banking openly revealed as we have it. It is rather the traditional German system of insidious encroachments through concealed branch banking, that is, through establishments of independent appearance but directed by delegates from Berlin. In other words, it is the same network of hidden connections which characterizes their large industrial organizations, such as the *Metallen Gasellschaft*. For instance, in Buenos Ayres there is the *Banco Aleman Transatlantic*, with more than twenty branches in Argentine, all directed by the *Deutsche Bank*. Then too there is the *Banca Commerciale Italiana* in Milan formed by coöperation of five

of the big German banks. Italian publicists have explained how it sapped, little by little, all of the resources of the country, financial, industrial, commercial and even political. The history of the *Orient Bank* is to the same effect. In short, the German bank is found everywhere a spider's web that spreads over the financial world, and it is surely as plain as can be that the effort of this is the draining of capital towards Germany. Gradual gaining of control over American corporations is only another one of those methods employed by German banks to extend the dominion of German capital and industry in this country. It is a challenge to American bankers and herein also lies their opportunity. These American corporations should be restored to American ownership, and the country must perforce look to its bankers to furnish the means to bring this about.



The Gold Situation

UNDER the above title Henry E. Cooper, vice-president of the Equitable Trust Company, New York, has collated and the company has published an interesting and valuable treatise on a matter now engaging careful attention both in the United States and other countries. Mr. Cooper first gives the history of the adoption of gold as the standard of value, and then proceeds to describe the great expansion of the credit structure which has taken place, in recent years especially. The history of the gold industry is sketched and the relation of gold to the economic structure stated.

The rise in the cost of labor and materials has affected gold mining along with other industries, and the demand for relief is quite natural. From the economic standpoint the matter is one of importance, since the tremendous expansion of credit and currency in the face of a gold production which already

gives evidence of an actual falling off, presents a serious situation.

In considering the remedies proposed, Mr. Cooper examines the commodity standard and the suggestion of revaluing the dollar in proportion to the increased prices of commodities. While regarding both these proposals as economically sound, he thinks the revolutionary character of these measures would make their general acceptance difficult. He reaches this conclusion:

We therefore believe that, aside from the minor demands expressed by the interests engaged in the gold industry, such as draft exemption of labor, rebate of freight rates or revision of the excess profit tax law which, we feel sure, the Government will take into serious and sympathetic consideration, a bounty or bonus should be paid by the Government to the gold mining interests for all new gold produced.

It is suggested that to make this plan effective there should be an international agreement.

A Man Is a Man

By CHARLES HOWARD NORTON

The following seven organizations are working together to create and maintain among our soldiers, sailors and marines the high morale that is now animating our military and naval forces: The Young Men's Christian Association, The Young Women's Christian Association, The National Catholic War Council (including the work of the Knights of Columbus and special war activities for women), The Jewish Welfare Board, The American Library Association, War Camp Community Service and The Salvation Army. This article treats of the work of the Young Men's Christian Association, but it should be understood that all these agencies are working as a unit, with full coöperation, and helping one another to perform the duties which they have been called upon by the Government of the United States to fulfill.—*Editor BANKERS MAGAZINE.*

INDUSTRIAL peace, after the war, is questioned on the tongues of some and in the minds of many, and bankers are not in the minority when it comes to a certain feeling of anxiety in this connection. It is too much to hope that this article may be the answer to the question, but possibly it may show a way, and how that way is being followed.

Of the many good things that are coming out of this great world war, not the least important is the growing recognition on the part of employers in industry that "a man is a man" and not a machine.

This recognition has taken shape in a number of titles such as welfare work, social service, community interest, etc., but all of these are but cold, clammy disguises, aye, sheepish camouflage, for the outstanding truth "Man, man is thy brother, and thy father is God."

Heretofore many employers have thought only in terms of machine power. To-day, of necessity, they think in terms of man power. And this is giving such an entirely different perspective to vision of business that now many must in a measure grope where later they will proudly walk.

At the Twenty-third Annual Convention of the National Association of Manufacturers, held in New York last May, sentiments such as the following were freely expressed by the speakers:

What industry needs is a return to common human brotherhood between employer and employee, and we have sought to encourage that new fellowship. We have pointed out that there is something more than dollars in life.

The new spirit is here, and it is slowly but surely bringing about a better understanding, a closer sympathy and a deeper sense of the responsibility that we all owe to one another.

It occurred to some men who are thinking in terms of the future and not always in the stone age, that it would be a good idea if they could cut out devices, bring men face to face, and make them both realize that they are companions and comrades with respect to the operation of their industries.

The pay envelope, the weapon of the agitator and the nightmare of the works manager, has been the weak line between employee and employer. It has been a poor makeshift, but in spite of disaster after disaster in industry, it has taken a war fought on foreign soil to bring home to us the need of a strong link that has welded in it that strength of incentive, purpose and satisfaction such as the fattest pay envelope could not begin to supply.

On every side we read slogans that this or that "will win the war," ranging from wheat to carpet tacks. Winning the war is but the first step in a world peace, which must include an industrial peace. Morale, not the wage scale, will probably be the determining factor, so why not another slogan, "Morale will

maintain peace?" The best thing about it is that to be effective this slogan must apply to both employer and employed.

It has been discovered rather suddenly that the American workman is something of an idealist. His soul craves for the intangible things of life that might be summed up under service to his fellows. This discovery is being pushed by the practical works manager, while the tradition-bound, moss-back employer who does not see the light will soon find himself in lonesome company.

The writer recently heard one of the latter type bitterly denounce his workmen for going on strike. The men were receiving the highest pay ever known for that class of labor, and away beyond what would seem to be high wages.

This man dealt with his workers as a group—what little he knew of the individuals was by numerals. They meant nothing to him except as measured by production. Yet when he questioned one of them as an individual as to why he was on strike, he became purple with rage, because the man did not know.

In common with many other employers who have repeated the same mistake he blamed the responsible individual for the irresponsible group action. He had never recognized the responsible individual with his very human instinct for self-expression, but rather looked upon him as a mere cog in the wheel, an atom in the mass, a fleeting part of the irresponsible group—a brass check.

Under these circumstances how could he expect the man to know why he was striking—would the brass check know?

We frequently witness situations where speakers make addresses to crowds so great that those on the outskirts cannot hear a word of the speech. Yet when the crowd shows approval or disapproval those who have not heard a word are just as enthusiastic in their participation. Do they know what they are yelling about? Our employer-friend has undoubtedly done the same thing himself, and in a convention of manufacturers is just as apt to sanc-

tion some action of which, when questioned about later, he would confess absolute ignorance.

Under the influence of crowd suggestion the meekest individual will commit the greatest wrong. Therefore, neither man nor the law can, in a strict interpretation of justice and fair dealing,



CHARLES H. NORTON

Through the courtesy of Collins Publicity Service of Philadelphia, Mr. Norton, Director of the Service Department, has been loaned full time and with full salary, to the National War Work Council of the Y. M. C. A., where as Secretary in the Industrial Department, he is doing special analytical work in war industries

convict that man of possibly any more than being an "unknowing" participant.

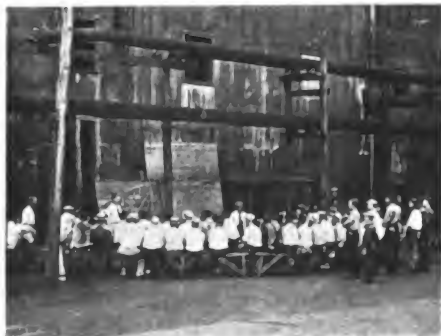
FEDERATION OF INDUSTRIES

Last June, in the State of New Jersey, the first steps were taken in organizing a great alliance or federation of the industries of this country, which will include more than 300,000 plants with a capitalization running into many billions of dollars, and employing millions of workmen.

Before the snow flies a national convention will have been held for purposes

of permanent organization. Warren C. King, president of the New Jersey Council, has been quoted as follows:

We desire to form the National Federation on the lines of the Federation of Labor, not with the idea of combating labor, but with the idea of cooperating with labor, and we have adopted the Federation of Labor plan of local, state and national organization, because this plan is unquestionably the strongest.



The "Y" man Americanizes the foreigner and ambitionizes the American

Last August the United States Employment Service estimated that for every man in the Army and Navy eight would be needed in war industries. While this estimate may be a little broad, one can form a fairly good idea of the increasing numbers entering war or essential industries, as made necessary by our growing Army and Navy. At this time 15,000,000 would seem well within the actual total.

That these two great forces—the industrial employer and the industrial worker—must have a common meeting ground, history has demonstrated, and that the pay envelope is not that ground both sides are fast learning.

When a man who begrudgingly worked for \$4.50 or more per day in a perfectly safe occupation will at the first cry of distress from overseas throw down his tools and take the dangerous job of hunting the Hun at about \$1 per day, the pay envelope as the vital element in influencing labor begins to take on a sickly hue.

The right to live—that is the common

ground on which to meet, and time again it has been demonstrated that right living cannot be furnished by boosting the wage scale. The right to live is in giving outlets for the constructive instincts which are possessed by the majority of workers in the industries.

That the industrial worker is a sordid materialist is a wrong conception, recent events have fully proved. In many instances, under incentives other than pay—patriotism, self-expression, heroism, loyalty, friendly rivalry, etc.—he is producing the greatest and best work.

The reason he has been misunderstood by both employer and public lies largely in the fact that he has through the factory system been an unknown quantity as an individual, all opinions and judgments having been formed heretofore on group, mass or crowd actions, which never have been an accurate guide to individual character. The war has revealed the industrial worker as a very human man, with his greatest craving possibly for individual expression as exemplified in workmanship.

That this has been a welcome recognition to the far-seeing employer is daily shown in the newspapers and magazines where we are now accustomed to seeing pictures of important leaders in industrial fields not photo-



Noon-day talks on a wide range of subjects from sex hygiene to thrift are a very popular part of the "Y" work in Industry

graphed in lonely solemnity at mahogany-topped desks, but grinning broadly with their workmen in their grime and overalls.

Meeting the human and social needs

of 15,000,000 workers is a task of some magnitude, and in casting about for co-operation in this vast work our government and industrial leaders naturally welcome that of an organization, the Y. M. C. A., that was already doing abroad, unselfish service at home, on the high seas and close to the trenches in Europe, in helping build up and maintain the morale of enlisted men.

There is a deeper significance in this situation to the financial world than is at first apparent, in so far as a much desired industrial peace is concerned.

The service of the Young Men's Christian Association in industry is not neutral, but mutual, and at once solves the question of paternalism, which can rise like a bugbear in a crisis when the employer has been undertaking to furnish a similar service. In this connection, Irving T. Bush, president of the Bush Terminal Company, New York, makes an interesting statement:

My experience in welfare work among our employees has convinced me of the advantage of having a substantial part of it carried on through the instrumentality of some independent organization, like the Y. M. C. A. The employees sometimes resent social benefits conducted by the employer, and do not always make a success of welfare work under their own management. I believe in the theory of conducting such work through an independent organization, because employees feel that it is their own association because of their membership in it, and the employer can feel that such contributions as he may give to the work of the association are directed by men especially trained for it. We have a branch both of the Y. M. C. A. and the Y. W. C. A. at the Bush Terminal, and I am glad to say that so far this theory has made good in actual practice.

The Y. M. C. A. has been quick to adjust itself to the needs of the war industries in spite of the tremendous pressure already placed upon it by purely military needs.

The pre-war industrial field served by the Y. M. C. A., suddenly multiplied many, many fold, transformed, in time measured by hours, a complete organization into a mere skeleton that has taken hard and fast work to build up to its present state of broad, efficient service.

Buildings of various types, including the famous Hut, have been erected in many of the munition-making plants, nineteen or more now serving Du Pont workers, while at practically every arsenal and a number of navy-yards buildings have been or are being put up for the Government workers.

In addition, many industries are being served by extension secretaries from



Just as the "Y" man serves to the roar and rattle of artillery, so may he be found working to the music of whirring wheels and machinery

local Y. M. C. A.'s, others have special buildings and where housing communities have been established, such as Hariman and Hog Island, Pa., the Y. M. C. A. Community buildings form the popular social centers for the workers and their families.

To give some idea of what these buildings and typical Y. M. C. A. service furnishes the worker, Hog Island offers a good example. Here there is a building and equipment costing \$120,000, and included is a large auditorium for moving pictures, theatrical performances, workers' conventions, religious meetings, etc.; a fine gymnasium with complete installation to meet every athletic need; a battery of shower baths, pool tables, bowling alleys, assembly hall, writing rooms, small games equipment, canteen, class rooms where the foreigner is Americanized and the American ambitionized; tailor, barber, cobbler—and smoking allowed in all parts of the building.

At best Hog Island is not a garden spot, so that the transit facilities back to Philadelphia in the early days were

strained to the breaking point between shifts. Now the "Y" building, just outside the gates, with its competent staff trained to serve, and its complete equipment, is the Mecca of the Hog Islanders, particularly the single ones, who would otherwise possibly drift to

an increasing boom in the renting of quarters and homes and Harriman is now on a fair road to a full-fledged town.

At a little place in New York State a man in charge of a combined saloon and grocery, after the association soda-fountain and movies had been operating a couple of weeks, decided to close up his saloon and take its usual quota of young men customers up to the "Y." This has become a habit.

Self-preservation, as represented in earnings, is not the only instinct possessed by the industrial worker. As a matter of fact, with the Golden Rule in actual working operation, it can become the least important. The question of labor turnover, for instance, was supposed to hinge chiefly on money. Mr. John J. Eagan, president of the American Cast Iron Pipe Company, Birmingham, Ala., throws light on this subject in the following statement:

During the three months prior to the beginning of our Y. M. C. A., the number of transient men on our pay roll averaged thirty-three per cent. During the same months of the past year, the average was eleven per cent. Practically the same men were in charge of our departments three years ago as are in charge to-day, so a very large part of the credit for this remarkable decrease of floaters and the consequent increase in efficiency in our plant must be credited to the Y. M. C. A. If manufacturers with ample capital could be brought to realize the gain in efficiency which would follow the installation of a Y. M. C. A. in their plants, you would have to spend all of your time securing secretaries for the new buildings which these manufacturers would erect. It pays.

As a rule the directors of a Y. M. C. A. in an industrial plant are foremen and workmen, with all committees made up of workers. The attitude of labor toward the Y. M. C. A. is best expressed in the individual utterances of its members, which would fill many volumes, but it is interesting to note that John Mitchell states:

I have observed with interest and satisfaction the work of the Y. M. C. A. in connection with industrial establishments, especially with respect to service it is rendering in improving physical, educational, moral and social conditions.

When we consider that the soldier,



The thousands of workers in the Du Pont plants at City Point and Hopewell, Va., use the several "Y" buildings to capacity

the cheap pool room, corner saloon and similar places that abound in any large city.

At Harriman, Pa., the management erected an exceedingly attractive housing proposition. The worker has a wide range of accommodations to select from to suit his personal needs and tastes—from a bed in a dormitory building to a detached dwelling. But Harriman is accessible both to Trenton and Philadelphia, and there was a little doubt at the start on the part of some of the workers as to whether they and their families might not miss some of the social and amusement attractions offered by those cities if they removed to Harriman.

The helpful part played by the Y. M. C. A. in bringing the Harriman workers to live at Harriman is unique. Evening entertainments given in the building were so well attended that they were transferred to the lawn, so all could be accommodated. The entertainment programme furnished by the War Work Council for the cantonments was put on, with the result that the workers began bringing their families over from Trenton and Philadelphia to attend the shows. The result has been

whether at home or abroad, is amenable to certain rules and restrictions that make for his health and well-being, while the worker in industry to-day is unguarded from the increased temptations that go with increased earnings, that the former's status is, let us hope, very temporary, while the latter's must be permanent, and that to every million of the former there are at least five million of the latter, the job for the Young Men's Christian Association in industry is "some" job.

At a conference on Work in Industries held in New York last March, Dr. John R. Mott voiced the Y. M. C. A. spirit in the following statement:

An imperative demand comes at a time like this to the Young Men's Christian Association to gear all its machinery, to augment its directive energy, and to relate itself to this larger army—far larger than our military and naval forces will ever be, even if we carry this draft to the very limits, as we may be called upon to do before this war reaches its conclusion. I say the Young Men's Christian Association is summoned to relate itself to these rising millions in industry and to make those unique contributions which we are in a position to make.

In the report of the Commission on Ungrasped and Undeveloped Opportunities Among Industrial Workers given at the Conference of the Employed Officers of the Y. M. C. A., held in the early part of June, at Springfield, Mass., it advised that:

Six definite lines of organized service have been found practicable in industrial communities. For each, special secretarial skill is needed, and volunteer leaders may also be used to great advantage.

1. In a branch of a city association, with a building located to serve industrial workers and supported by community resources.

2. In a building provided by a single industry or group of industries, supported jointly by employer and employees.

3. General industrial extension work. Shop meetings and other activities conducted among industrial workers outside of the building, usually without regard to membership. Such

work may be done at any point where the workers can be assembled and may relate to their working, living, or leisure conditions. The cost generally has been borne by the association, but there is an increasing willingness on the part of both employers and employees to pay the cost of work done in connection with their industries.

4. Special organized industrial extension work. This is led by an industrial committee with an industrial secretary whose budget is generally provided by the industries. Both the committee and the industrial secretary should always be responsible to the board of directors of the city Y. M. C. A.

5. Plant extension work. A secretary attached to the staff of the local association and giving all or part time to work in a single industry. Such a secretary has an intimate but not an official relation to the industry. His work represents the interest of both employer and employee, and he works



Industry has learned that all work and no play makes Jack a very dull boy. Healthful fun forms a big part of the "Y" programme, and this is usually carried out by the music of first-class bands and orchestras made up from industrial workers

under a plant committee composed of representatives of both. A plant employing 1,000 or more men is justified in using full time of a secretary and in providing a budget which will be paid into the treasury of the city association. Proper premises and equipment should be provided in the plant to secure the best results.

6. The system plan—in which an industry having several plants takes the

full time of a secretary to establish and supervise association work in the several plants.

The industrial worker is "a man for a' that," and just as it reaches the soldier and sailor the Y. M. C. A. is reach-

ing that man—man to man. This may not be the panacea for all industrial labor ills, but it is a constructive method, founded on common sense principles, that puts into actual practice the Golden Rule in industry.



United States Council of State Banking Associations

AN office of the United States Council of State Banking Associations has been opened in the Union Trust building, Washington, D. C., in charge of E. G. McWilliam, assistant to the president of the council. This new office affords the state chartered institutions direct representation at the national capital for constructive work.

The Council of State Banking Associations was organized to provide a medium for the direct expression of the sentiment of state chartered financial institutions upon matters of legislation affecting state banks, trust companies and savings banks.

In its capacity as representing only state chartered institutions the Council of State Banking Associations will not be subject to that embarrassment which might accrue were it attempting to represent all classes of financial institutions.

Every state chartered institution will be advised by the office, in advance, of proposed legislation affecting them, and their advice sought. This will be earnestly considered and prompt action taken by the executive committee which also constitutes the legislative committee.

The council is financed through the various state associations, with which

all state banks, trust companies and savings banks are urged to affiliate. There is, therefore, no additional assessment on individual banks for the service the council will render.

It is stated that in establishing an office in Washington, the council did not have in view the creation of an agency to advocate legislation designed merely to give one class of banks, or banks in one locality, an advantage over others, but rather to assist as far as possible in the constructive development of our banking laws to the end that our banking resources may continue to meet the abnormal demands made upon them.

When legislation is introduced in Congress which affects or may affect state chartered institutions an endeavor will be made to furnish the appropriate committee of Congress with the information it should have in order to reach a proper conclusion, and it will be the aim to keep the state institutions informed of any proposed legislation which may affect their interests; so that through the medium of the council the views of those affected may be presented for consideration.

It is believed that the interests of all banking institutions can be best served by adhering to a policy of coöperation in legislative matters.

Can We Hold the Advantages Which the War Has Forced Upon Us?

By OREN B. TAFT

THE immediate necessities of war have put into actual operation what years of discussion in peace did not and could not accomplish. The results now justify the question.

Has there not been opened, among its other possibilities, the road to the solution of the difficulties which have for the last twenty-five years or more confronted labor and capital whose problem has always related itself most directly to a just and proper distribution of what we may call the "residuary profit," meaning that profit which remains after both have contributed what was necessary to produce it.

Practically the whole industrial problem is involved in a just distribution of such residuary profit at the end of operation.

U. S. GOVERNMENT IS A WORKING PARTNER

War necessities brought the United States Government into a direct connection with industrial production. It has proven a factor, or working partner, strong enough, and determined enough, to control and adjust differences, and compel labor and capital to devote themselves to more consistent and exclusive effort to the work in hand.

It has developed an administrative function of Government control in promoting industrial production, and the distribution of residuary profits, which is having its successful demonstration and application in every day affairs.

In the reconstruction period approaching, beyond doubt there will be a determined effort to go back to pre-war methods which would discredit, re-

peal, and destroy this function. If it should be preserved, it is not too soon to know distinctly its advantages and prepare for its retention.

What necessity unexpectedly and temporarily brought should be improved upon, and by proper legislation made permanent.

It is necessary to review in a limited way only to see how thoroughly legislation and executive administration can be made available for effective industrial production, in assuming a direct control of some of its seemingly insurmountable difficulties.

The United States Government by tax legislation has a method for reaching and relating its power to incomes. It defines the nature of capital, and it undertakes to say what is a fair and just return for its use. It has fixed a minimum amount to which each individual, family, or child is recognized as having an undisputed right for its living, and with no distinction of class.

While this was in connection with taxation Congress has indicated in a broad way its power to deal directly and concretely with some of the features most intimately connected with working industrial conditions.

For conservation in expenditure the Government has taken over railroads, steamships, telephones and telegraphs.

It has taken over private property where it was thought the public could be better served.

It has stimulated wide-spread increased production.

It has adjusted wages to profits. Has increased freight and passenger rates to the public in an adjustment of profits to a fair return upon capital.

We have seen how the Government can bring a prompt response to needs not heretofore thought possible.

GUARANTEES CAPITAL A FAIR RETURN

It has found itself warranted in entering into written agreements with corporations, even guaranteeing capital a fair return upon its investment in properties being used by the public.

It has assured its up-keep, betterment and enlargement in protection of private investment. It does this without taking away the personal, the initiative or operating efficiency.

It undertakes to inform labor where its service is in demand, see to its distribution, housing and transportation, prevent unfair solicitation tending to unsettling of wages:

It has settled disputes, and inflicted penalties both upon employee and employer in enforcing its findings.

It has removed corporations from speculative influence, relieving from anxiety tens of thousands of small investors, widows and dependents, in an assurance of dividends and interest by its supervision, and in some instances a guarantee that they never before had.

It can and is already protecting labor and capital by drawing the fangs of those who unscrupulously exploit and prey upon it.

NEW FUNCTION OF THE U. S. GOVERNMENT

The broad powers of Government administration, in the exercise of this new function, has shown an ability to prevent waste even by the profligate in the matter of food. To prevent idleness by rich or poor. To encourage savings; to promote efficiency.

It has in active operation, that already reaches millions, insurance against injuries, incapacity and old age dependence.

It is furnishing in a remarkable way occupation heretofore unknown, for men and women of the highest ability, natural or acquired, whose circumstances permit them to give an unselfish service for the public good, free from

any canting sentimentality, political or fawning constituency.

There has been the voluntary surrender to Government supervision of self and self-interests; the pooling of property and activities for a common purpose, by a common consent, never before known, but which if allowed to revert might take a century to reform.

The province of the Government up to the time of declaring war was, in a few words, that of governing the conduct of its citizens as related to each other and to their public affairs, and providing, through taxation, the money needed to do this; postal control was about the only exception.

In the consideration and discussion of what is here proposed, it must not be approached from what pre-war functions of Government have been, but from what we have learned from our war experience indicating what they should be.

A NEW REGIME

We must recognize a new regime in industrial affairs, where through the stronger, broader and more positive aid of the United States Government as a third party in industrial organization, both labor and capital are relieved of what has been unavoidable friction, in having ready at hand, as a recognized part of its organization, a higher and impartial power capable of preserving order and harmonious conditions.

It is not suggested that all industrial or productive activities by any means should come under this supervision. It is suggested from the results obtained that most of those already under it should remain, such as the railroads, steamships, telegraphs, telephones and others.

Legislation would follow, adjusting present temporary methods to permanent ones and the door opened whereby other activities willing to accept the changes necessary can have the Government a third coöperative factor in their work.

This Government administration should remain with the Executive. Persons should be selected, *not elected*,

with special fitness for the duties required and should be beyond the reach of political influence or interference.

To sum up: There is open, organized, and ready at hand the opportunity to put into operation a fundamental change in industrial coöperation.

Heretofore capital and employer have combined as one, assuming all loss, if any, taking all profit however large, labor receiving a fixed wage. With the Government as "third" factor this can and should now be changed. Capital, management, employer and labor, in their relation to operation, should all be treated as hired. Should be paid their fair value in an open market and all charged to expense. Impairment of capital incurred in operation should, like physical injury to labor, be reimbursed and charged to expense.

DIVIDE RESIDUARY PROFITS JUSTLY

Residuary profit is what then remains at the end of the operation. This residuary profit now belongs in a just

ratio to the capital, management, employer and labor which produced it, and it becomes the function of the Government, as third factor, to see that it is so divided. Thus is the hazard to capital diminished, and the incentive to more efficient labor increased.

Will industry throughout the United States act promptly, and decisively in holding its opportunity already within its grasp, and insist upon its recognition as a part of "after the war" reconstruction?

Do not for one moment assume that this will not be stubbornly opposed; it is a serious invasion of the selfish side of "laissez faire" or what most of us know as the practice in business of "every man for himself and the devil take the hindmost."

We should ask for industry, and industrial workers—what we are fighting for as a nation—the right to self-development to those who ask and are ready for it. Shall we act now and open the way to a national industrial peace and progress?



Changing Economic Viewpoints

SELFISHNESS has not gone out of the world. Progress will continue to be made in the future, as in the past, by individuals or groups of individuals asserting their interests in opposition to the interests of others. But unless present tendencies are being grossly misinterpreted there is going to be a very much changed theory of what those interests are. It must inevitably be so in the circumstances of a keener appreciation of the interdependence of all classes and all nations. The war has broken down every distinction among men except the distinction of ability. As of old, common danger has been a great leveler, and the leveling has not been all on one side. If the powerful

and self-satisfied have been shaken down, so also have the weak and the disgruntled been shaken up. They have approached to a better understanding of viewpoints and many errors of judgment and feeling have been corrected. This is not less true of nations than of individuals or groups, and some of the earlier plans made in hot blood for economic independence after the war are now being slipped into the wastebasket as gracefully as possible. Exclusiveness does not set well, either with the present temper of mankind or with the growing spirit of service in which progressive nations are preparing themselves for the future.—*Selected.*

A New Plan to Care for Depositors' Liberty Loan Bonds and War Savings Certificates

By CHARLES W. REIHL, Auditor First National Bank and Dollar Savings and Trust Company, Youngstown, Ohio

THE issuing of Liberty Loan Bonds and War Savings Stamps has created new problems for banks to solve. These problems were—how to help Uncle Sam find purchasers for the bonds; how to handle the sales; and how to protect the smaller purchasers' bonds so they would not be lost or stolen.

To relieve the Government of as much work as possible, and to lighten

Youngstown, Ohio, had all the problems to face and work out. For the safe-keeping work its officers prepared two plans, one of which it discarded before accepting any bonds, and the other is so unique and successful that they now care for over a half a million dollars' worth of the bonds for their depositors. These two banks are under one management, having the same directors, president and vice-presidents. At the recent call they showed total resources of \$38,095,636.98, with a combined capital of \$3,000,000.00, with surplus and profits amounting to \$3,094,548.90.

Their safe-keeping system for bonds is elastic and can be adopted by any bank regardless of size; it can be operated by a teller with very little interference with his regular work. It provides for an agreement regarding the deposit and withdrawal of bonds, a receipt in the depositor's pass book for

Date.....1918			
UNITED STATES LIBERTY LOAN BONDS			
DEPOSITED PER AGREEMENT OF THIS DATE			
..... Issue	%	\$.....	Par Value
..... Issue	%	\$.....	Par Value
BONDS WITHDRAWN			
Date.....	%	\$.....	Par Value
Date.....	%	\$.....	Par Value

Figure No. 1

the labor of the banks in taking Liberty Loan subscriptions, the usual policy has been to advise the purchasers to take coupon bonds rather than registered bonds, especially when the smaller denominations are bought. When coupon bonds were purchased the matter of safety immediately became of utmost importance and banks soon realized that some way must be adopted to take care of their customers' bonds, or otherwise purchasers would be tempted to sell them to protect themselves against their loss. Many plans were devised to take care of bonds—some fairly good, and others passably good.

The Dollar Savings and Trust Company and First National Bank of

UNITED STATES LIBERTY LOAN BONDS					
DEPOSITED PER AGREEMENT					
DATE IN	AMT	ISSUE \$	NUMBER	TELLER	DATE OUT

Figure No. 2

his bond, the proper filing of the bond, the clipping and credit of coupons when due, and the delivering of and receipting for the bond when the de-

positor desires the possession of the same. Inquiries have been made regarding the system, and we now take pleasure in explaining it in detail for the benefit of other banks that have faced the same problem, but not worked it out satisfactorily.

One of the first essentials in caring for Liberty Bonds is a speedy and accurate method of receipting for the bonds. The receipt should be one capable of being filled out without any waste of time and one that the customer will not easily lose. We use a rubber stamp which is impressed upon the last blank page in the customers' savings account pass book. The first stamp we used is the one shown in figure No. 1. This stamp proved to be too small in cases where customers desired to deposit two or more issues of bonds, and

NAME

Sav. Acct. No.

Liberty Loan Bond Agreement

Youngstown, Ohio, 19....

I, the undersigned, herewith deposit with
FIRST NATIONAL BANK

\$..... par value %
issue Liberty Loan bonds, and I agree that the
Bank shall collect the coupons as they
become due and deposit the proceeds to my savings
account.

Signature.....

Address.....

Youngstown, Ohio, 19....

Received from First National Bank

\$..... par value % Liberty
Loan bonds, with unmatured coupons.

Signature.....

Youngstown, Ohio, 19....

Received from First National Bank

\$..... par value % Liberty
Loan bonds, with unmatured coupons.

Signature.....

Figure No. 3

NAME

Sav. Acct. No.

Liberty Loan Bond Agreement

WITH

THE FIRST NATIONAL BANK
YOUNGSTOWN, OHIO

I,
HEREBY DEPOSIT FOR SAFE KEEPING WITH THE
ABOVE NAMED BANK THE LIBERTY LOAN BONDS
DESCRIBED ON THE BACK OF THIS CARD.
THE BONDS ARE TO BE HELD FOR ME IN CON-
NECTION WITH MY SAVINGS ACCOUNT, AND
TO BE RETURNED TO ME UPON REQUEST.
AND ON PRESENTATION OF MY SAVINGS
BOOK IN WHICH RECEIPT IS GIVEN FOR THE
BONDS.

THE COUPONS ARE TO BE DETACHED AS
THEY MATURE AND CREDITED TO MY SAVINGS
ACCOUNT.

DATE.....

(OVER)

Figure No. 4a

we are now using the stamp shown in
figure No. 2.

Next it was necessary to devise some form of agreement regarding the deposit and withdrawal of bonds and the collection of coupons. The form shown in figure No. 3 was at first used, but it is not large enough for the needs of many of our depositors, so we prepared the card shown in figure No. 4a and No. 4b—front and back. We also use for many accounts the card shown in figure No. 5a and No. 5b—front and back. These were prepared and adopted to allow space for a great number of bonds. These agreements are filed serially according to pass book numbers, and are as easily handled as the savings account card system that we use on our more than 34,600 accounts.

**LIBERTY LOAN BONDS DEPOSITED
IN ACCORDANCE WITH THE AGREEMENT**

DATE	AMT. OF BOND	ISSUE	BOND NUMBERS	TENDER
1911-12-15	100.00	1000	1000	1000
1912-01-10	200.00	2000	2000	2000
1912-02-05	300.00	3000	3000	3000
1912-03-01	400.00	4000	4000	4000
1912-04-01	500.00	5000	5000	5000
1912-05-01	600.00	6000	6000	6000
1912-06-01	700.00	7000	7000	7000
1912-07-01	800.00	8000	8000	8000
1912-08-01	900.00	9000	9000	9000
1912-09-01	1000.00	10000	10000	10000
1912-10-01	1100.00	11000	11000	11000
1912-11-01	1200.00	12000	12000	12000
1912-12-01	1300.00	13000	13000	13000
1913-01-01	1400.00	14000	14000	14000
1913-02-01	1500.00	15000	15000	15000
1913-03-01	1600.00	16000	16000	16000
1913-04-01	1700.00	17000	17000	17000
1913-05-01	1800.00	18000	18000	18000
1913-06-01	1900.00	19000	19000	19000
1913-07-01	2000.00	20000	20000	20000
1913-08-01	2100.00	21000	21000	21000
1913-09-01	2200.00	22000	22000	22000
1913-10-01	2300.00	23000	23000	23000
1913-11-01	2400.00	24000	24000	24000
1913-12-01	2500.00	25000	25000	25000
1914-01-01	2600.00	26000	26000	26000
1914-02-01	2700.00	27000	27000	27000
1914-03-01	2800.00	28000	28000	28000
1914-04-01	2900.00	29000	29000	29000
1914-05-01	3000.00	30000	30000	30000
1914-06-01	3100.00	31000	31000	31000
1914-07-01	3200.00	32000	32000	32000
1914-08-01	3300.00	33000	33000	33000
1914-09-01	3400.00	34000	34000	34000
1914-10-01	3500.00	35000	35000	35000
1914-11-01	3600.00	36000	36000	36000
1914-12-01	3700.00	37000	37000	37000
1915-01-01	3800.00	38000	38000	38000
1915-02-01	3900.00	39000	39000	39000
1915-03-01	4000.00	40000	40000	40000
1915-04-01	4100.00	41000	41000	41000
1915-05-01	4200.00	42000	42000	42000
1915-06-01	4300.00	43000	43000	43000
1915-07-01	4400.00	44000	44000	44000
1915-08-01	4500.00	45000	45000	45000
1915-09-01	4600.00	46000	46000	46000
1915-10-01	4700.00	47000	47000	47000
1915-11-01	4800.00	48000	48000	48000
1915-12-01	4900.00	49000	49000	49000
1916-01-01	5000.00	50000	50000	50000
1916-02-01	5100.00	51000	51000	51000
1916-03-01	5200.00	52000	52000	52000
1916-04-01	5300.00	53000	53000	53000
1916-05-01	5400.00	54000	54000	54000
1916-06-01	5500.00	55000	55000	55000
1916-07-01	5600.00	56000	56000	56000
1916-08-01	5700.00	57000	57000	57000
1916-09-01	5800.00	58000	58000	58000
1916-10-01	5900.00	59000	59000	59000
1916-11-01	6000.00	60000	60000	60000
1916-12-01	6100.00	61000	61000	61000
1917-01-01	6200.00	62000	62000	62000
1917-02-01	6300.00	63000	63000	63000
1917-03-01	6400.00	64000	64000	64000
1917-04-01	6500.00	65000	65000	65000
1917-05-01	6600.00	66000	66000	66000
1917-06-01	6700.00	67000	67000	67000
1917-07-01	6800.00	68000	68000	68000
1917-08-01	6900.00	69000	69000	69000
1917-09-01	7000.00	70000	70000	70000
1917-10-01	7100.00	71000	71000	71000
1917-11-01	7200.00	72000	72000	72000
1917-12-01	7300.00	73000	73000	73000
1918-01-01	7400.00	74000	74000	74000
1918-02-01	7500.00	75000	75000	75000
1918-03-01	7600.00	76000	76000	76000
1918-04-01	7700.00	77000	77000	77000
1918-05-01	7800.00	78000	78000	78000
1918-06-01	7900.00	79000	79000	79000
1918-07-01	8000.00	80000	80000	80000
1918-08-01	8100.00	81000	81000	81000
1918-09-01	8200.00	82000	82000	82000
1918-10-01	8300.00	83000	83000	83000
1918-11-01	8400.00	84000	84000	84000
1918-12-01	8500.00	85000	85000	85000
1919-01-01	8600.00	86000	86000	86000
1919-02-01	8700.00	87000	87000	87000
1919-03-01	8800.00	88000	88000	88000
1919-04-01	8900.00	89000	89000	89000
1919-05-01	9000.00	90000	90000	90000
1919-06-01	9100.00	91000	91000	91000
1919-07-01	9200.00	92000	92000	92000
1919-08-01	9300.00	93000	93000	93000
1919-09-01	9400.00	94000	94000	94000
1919-10-01	9500.00	95000	95000	95000
1919-11-01	9600.00	96000	96000	96000
1919-12-01	9700.00	97000	97000	97000
1920-01-01	9800.00	98000	98000	98000
1920-02-01	9900.00	99000	99000	99000
1920-03-01	10000.00	100000	100000	100000

Figure No. 4b

Bonds left for deposit are filed according to issue and maturity of coupons and denominations. We do not guarantee to return to the depositor the identical bond he deposited, but do give him one of the same denomination and the same issue he deposited. By this method of filing, the work of clipping the coupons is simplified. And with the method of filing the agreement and record cards numerically, the crediting of the matured interest is simplified.

We use the same system for taking care of registered bonds, with the exception, of course, that we do not col-

lect the interest and that the identical bond must be returned to the depositor.

In addition to the card record, we carry two general ledger control accounts—the one under the resources is called "U. S. Liberty Loan Bonds Deposited for Safe-keeping," and the one under the liabilities is entitled "Deposit of U. S. Liberty Bonds." These are shown on our daily statements, but not on published statements.

Any person having a savings account in either of the two banks is permitted to leave his Liberty Loan bonds on deposit, free of charge. This privilege is appreciated so much that many new

Liberty Loan Bond Agreement:-

Youngstown, Ohio, 19

All of the Liberty Loan Bonds on deposit at any time, as shown by the record on the other side of this card, have been left by me for safe keeping; and I agree that The Dollar Savings and Trust Company shall collect the coupons as they become due and deposit the proceeds to my savings account.

SIGNATURE _____

ADDRESS

RECEIVED BONDS (PAR VALUE) WITH UNMATURED COUPONS AS ENTERED OPPOSITE MY NAME

[illegible]

Figure No. 5a

[illegible]

Figure No. 5b

savings accounts have been opened for the express purpose of enjoying the bond deposit privilege. Some banks charge for similar service, but these banks offer it without charge, considering it as part of their duty to their customers. All banks being public service institutions—and as these are conducted on that plan—they offer this as part of their service.

After the successful adoption of the above plan for caring for Liberty Loan bonds, our customers desired some arrangement for taking care of their War Savings Stamp Certificates. We devised a similar system for stamps, and we are now taking the War Certificates on deposit. We use a rubber stamp for this purpose, as shown in Figure No. 6, which is impressed upon a blank page in the savings pass book. An agreement shown in Figure No. 7a and No. 7b is signed by the depositor, the record completed and then filed serially according to savings account numbers. These cards are printed on colored card board to be easily distinguished from the bond card. The War Savings Cer-

[illegible]

Figure No. 6

tificates are then filed away in an envelope like Figure No. 8 on which a record is kept, as indicated by the headings. We do not carry any general ledger control accounts for the stamps, but for a control use the envelope record.

Tellers in each bank take care of the deposit of bonds and the War Savings Stamps with little difficulty. We believe it is the duty of every bank to assist

NAME	Sav. Acct. No.
.....

War Savings Stamps Agreement

WITH

THE DOLLAR SAVINGS & TRUST CO.
YOUNGSTOWN, OHIO

HEREBY AGREE TO DEPOSIT WITH THE ABOVE
NAMED BANK FOR SAFE KEEPING THE \$5.00
WAR SAVINGS STAMPS ON THE CERTIFICATES
DESCRIBED ON THE BACK OF THIS CARD.
THESE ARE TO BE HELD FOR ME IN CON-
NECTION WITH MY SAVINGS ACCOUNT, AND
TO BE RETURNED TO ME UPON REQUEST,
AND ON PRESENTATION OF MY SAVINGS
BOOK IN WHICH RECEIPT IS GIVEN FOR THE
STAMPS.

DATED

(OVER)

Figure No. 7a

the Government by making war bonds and stamps a popular form of investment by insuring their safety after they are purchased. It is a work for which banks are better equipped than any other institution to do at a trifling expense of time and money. This service is greatly appreciated by the owners

Banking and Financial Industry

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION



THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL \$3,000,000.00

SURPLUS 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
JAMES G. BLAINE, Jr.	Vice President
FREDERICK W. WALZ	Cashier
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier
JOHN P. MAGUIRE	Assistant Cashier

Dorchester Trust Company, Boston

THE Dorchester Trust Co. is now settled in its new building in the Dorchester district of Boston. The new quarters, as shown in the cut herewith, are spacious and modern in every respect and ample room has been provided for the future prospective growth of

that period. By the end of its second year it had deposits amounting to \$1,175,000. In 1910 they were \$1,600,000; 1911, \$1,900,000; 1913, \$2,500,000; 1915, \$3,500,000; 1917, \$4,700,000, and now well over \$5,000,000.

The capital stock was increased in



The new building of the Dorchester Trust Co., Boston

the company under the guidance of President Herbert A. Rhoades and his capable assistants.

Although it is not yet eleven years since the Dorchester Trust Co. began business, it has taken a place among the leading outlying financial institutions of Boston. The company was organized in the midst of the panic of 1907, but it was built on a firm foundation and was safely carried through the storm of

1917 from \$200,000 to \$300,000. In addition to dividends paid to stockholders the bank had up to this time earned and set aside a surplus of \$85,000, to which \$20,000 has since been added, making a surplus of \$105,000.

The company has intensively and successfully cultivated the business of its district and has succeeded by giving its customers real service.

How a Bank Helps Americanize the Foreign Born

An Interview By CHARLES A. GODDARD

ONE day a woman in a car-building suburb south of Chicago presented her passbook with a request for the full amount of her savings. The man at the window glanced over the book and then said in a surly way to the woman, "Why are you coming in here to take out your money when you just put it in? You no sooner get your money in here than you come back to take it out."

The woman was a foreigner. The English tongue was new to her, but she understood the man. She pocketed her funds and left rather shamed; for she felt that she had committed a wrong against the bank. She wanted the money to invest in a house. She had grown accustomed to being treated as cattle by the self-important men behind the barred windows of the bank. But she knew that the money was hers. She had worked for it. When Mike became well-to-do they walked over to "the avenue" to do their banking. The discourteous man lost his bank a patron, possibly more.

A great many banks make this mistake. This is especially true of some banks in foreign sections. They fail to get acquainted with the workings of the foreigners' minds and with their habits of life. By this failure they miss opportunities to secure as patrons a thrifty class and to help Uncle Sam Americanize new comers to our land.

One banker who was quick to appreciate the advantage of cultivating the acquaintanceship of foreign-born people is C. O. Holmes, president of the South Side Trust and Savings Bank of Gary, the steel city of Indiana.

Ninety per cent. of the business of Mr. Holmes' bank is done with people

who speak other than the English language. The depositors in the savings department represent twenty-eight languages. The proportion runs about as follows:

Slavish, one and one-half per cent.; Croatian, two per cent.; Polish, two and one-quarter per cent.; Hungarian, thir-



Private office of C. O. Holmes, President South Side Trust and Savings Bank, Gary, Ind.

teen per cent.; Italian, six per cent.; Greek, eighteen per cent.; Russian, twelve per cent.; Austrian, eighteen per cent.; American, four per cent.; Macedonian, two and one-half per cent.; Jewish, two and one-half per cent.; Roumanian, one and one-fourth per cent.; Servian, two per cent., and Spanish, one per cent. The others comprise less than one per cent.

"This is not necessarily an index of

the proportion of our population," says Mr. Holmes, "but rather of the relative proximity of the particular group to us. Of all the languages above mentioned, we actually serve our depositors in the following: Polish, Italian, Slavish, and several of its dialects, such as Croatian, Lithuanian, etc., besides German, Swedish, Hungarian, French and Russian."

Were these foreign-born people not given every consideration and treated with patience and courtesy the bank would have made but slow progress.

The bank was organized in January, 1910, in temporary quarters, which at that time was nearly a mile south of the other banks, in what has since come to be pretty much the center of the commercial district. It is in its own home now. The location is also just north of the center of the so-called foreign section. Building a banking business there meant a careful study of the prospective patrons.

An indication of the success of the bank in its dealings with the people of foreign birth is in its growth from eighth to third rank from the standpoint of savings. This rise was made in spite of a handicap of a poorer location and the prestige of the established banks.

"An analysis of our growth," says Mr. Holmes, "leads us to believe that the cause for it has been the constant effort on the part of the officers and employees to cultivate the acquaintanceship of the individual depositor with the hope that he will feel that he is dealing with a personality as well as an institution. Foreign-born people like to deal with people rather than institutions. This may be seen in their every day trading.

"In addition, my own conviction is that anyone connected with the bank ought to take enough interest in it to know its customers; and because of that knowledge, the more efficiently 'sell' the bank and its service, and the more readily. We have other objects in mind: capitalizing the loyalty which comes from personal acquaintanceship, particularly with foreign groups, so that

we may secure the business of their acquaintances; also because we regard this as a sort of insurance against the fear which hangs over our head constantly, of the so-called 'run' by the foreign depositor.

"These people lean on their confidence. When that is shaken, the 'run' starts.

"To perhaps one-half of this group the bank was a novelty. They exercised a greater amount of faith in their dealings with us than the average American can appreciate. He must have in mind that they understand us hardly at all. The depositor many times can neither read nor write. He walks into what looks like a bank, up to a window behind which stands a man or woman, who, seventy-five per cent. of the time, does not understand his language, and whom he cannot understand. He hands his pay check, or a deposit of \$5.00, \$50.00, \$500.00 or otherwise, through that window, many times with a feeling that the chances are 'fifty-fifty' that he will never again see that money.

"Right there, our missionary work starts. If possible, we dig up someone of the several who speak an aggregate of twelve or fourteen languages. This person explains to the depositor the more obvious things.

"We have found at intervals a depositor who wants to be assured that he will receive back the identical currency that he brings in with him. Some Americans may laugh at this; but how much of banking does your six-year-old boy know? These foreigners have had no more banking experience and not as much opportunity for learning. One of the simple things we do that is of as much assistance as anything in the way of assuring the illiterate is the system of taking finger print impressions. Even those of the most limited contact know something of the safeguards of the finger print method of identification.

"It was slow work to get these folk started. They had no knowledge of banks, excepting the Postal Savings Bank, which was only a depository, and which extended little courtesy, and no service, in their home country.

"To overcome this handicap, we have thought it worth while to spend an unusual amount of time in cultivating the acquaintanceship previously mentioned; in going into all the details of any transaction, repeatedly and painstakingly; in other words, conducting consistently an educational propaganda on the business methods of America.

"We have done our utmost to be of service to our people. Many times we have gone to great length to be of service to some small patron. And it has paid, directly and indirectly.

"A very concrete instance of the length to which we go in seeking to serve our community was the assumption by one of our officers, of the chairmanship of a local draft board, and furnishing quarters, gratis, for all of this work. This was done on the theory that a large proportion of the registrants would encounter unusual difficulties in trying to comply and would frequently suffer penalties out of all proportion to their animus, due, of course, to ignorance. Since this particular board has over 3,000 registrants, we feel justified in believing that this one idea of service has been of splendid value to our neighborhood.

"We claim, and I am quite sure, with full justice, that we, the officers and employees, are personally acquainted with more of the customers of our institution than is true in any other bank in the entire Calumet District.

"Our effort has been to maintain a well balanced and consistent growth. Our commercial deposits have grown at about the same rate as have the savings deposits.

"We give an unusual amount of attention to coaching the foreign business man, small, illiterate and seriously handicapped as he is, through what to him are intricacies and problems, which to us have become so elementary. A typical case is a wholesale and retail produce and fruit dealer who started with us in 1912, borrowing, I believe, \$200 when his assets consisted of his wife, four children, and some little experience as to how hard it is to get along.

"We taught him the use of the state-

ment by which he could analyze his business, the need of accurate record keeping, first for his own information and ours, and later for the Government, to which he now makes income tax and other reports; the need of adequate protection in the way of life insurance, insurance against the several hazards peculiar to his business, such as employers' liability, casualty, etc.; the value of maintaining proper relationship between his quick liabilities and quick resources; the effect on credit of proper cash reserve; the saving growing out of paying simple interest at the bank on funds and taking the discounts such as one per cent. for ten days, and two per cent. for five days, etc.

"This man now makes a statement showing a net worth of perhaps \$20,000, besides his wife and seven children. He serves a considerable proportion of this Calumet District with a wholesale fruit and produce business that does its part in keeping down the high cost of living, as well as reduces the congestion in our transportation system with the efficient use that he makes of his three motor trucks.

"A friend such as this, dealing as he does with hundreds of his fellow country men, makes many other friends for us.

"We are constantly running into strange examples of home banking. For instance, in the Third Liberty Loan campaign, one of the mill foremen was recommending the Government Bonds to a small group of men. One man signed up for the usual \$50 bond, but later went to the superintendent of the department, in whom he had considerable confidence, and asked if those were the 'regular' Government bonds. When assured that they were, he at once indicated his desire to increase his subscription.

"The superintendent was somewhat surprised, since the outward appearance of the man was exceedingly modest. Assuming that he wanted the payment plan, the superintendent very kindly noted down the subscription, which was for \$2,000, and asked what he wanted to pay a month. When the

man said he wanted to pay cash, the superintendent said, 'Well, when do you want to pay?'

"The man replied, 'Me pay now.'

"The superintendent said, 'Well, your money is not here.'

"Me go get him,' promptly responded the man.

"It developed that the man had the money at home. The superintendent sent one of his men with his car to take the man; and true enough, he went immediately to the boarding house where he lived, removed a loose board from the kitchen floor and took out an old tomato can, from which he drew the \$2,000 in currency. He now brings the bonds to us for safekeeping. We got one more opportunity to do some education work.

"At intervals, some one of our uninformed depositors drifts in with a wallet that has evidently been intimately associated with him for a long while, and turns over to the teller a goodly aggregation of currency, some of which has not seen the light of day for months, and has all the odors one would expect.

"Others come in with money that has been buried until it has become both damp and moldy; and we have difficulty keeping it together for shipment. These experiences are the fruits of our patient efforts of education.

"The older generations learn but slowly, and do business with us almost entirely on their faith. The younger generation learns quickly and develops, every once in a while, what we might term a 'Smart Aleck,' who takes advantage of his own people much more quickly than he attempts to of us. We have been of service in heading off some of these sharpers.

"Much of our approach to these people is through the children, with whom we endeavor strenuously to establish acquaintance. We have a good vantage point in the school a few blocks from the bank, which houses 2,400 of them. This is perhaps the most polyglot school in any one building in America. To these children we hand things which they can take home. These are as a

rule some personal tokens such as some memorandum books, a calendar that sets forth information in detail about holidays, or something to which, by its very nature, they must refer. We never miss an opportunity to get acquainted with the children, make friends of them and to help them. Movements, such as Thrift Stamp, Red Cross and Liberty Loan drives, give the opportunity to talk to them.

"It has not been clear sailing always. We have had some experience with runs. In every case the acquaintanceship we had with our depositors, or the obvious pleasure with which we paid out the various balances to the customers, soon wore off the run that had started.

"We are building up a service to our savings depositors that is perhaps a little in advance of the attitude usually taken by bankers toward this particular group. We are selling high grade investments, such as bonds, mortgages to them, when their deposits begin to assume proportions that will warrant. We do this on the theory that the depositors ought to have the larger earning and that if we have taken the initiative in helping a man safeguard his savings, as well as enable him to make the more efficient use of them, we have headed off his plunging into any one of the hundred or more propositions that constantly seek to entrap him, particularly since we have no 'Blue Sky' law in Indiana. We make a market for the securities in which we constantly deal, which in turn contributes to solve in a small way the ever present demand for additional housing that has characterized Gary from its beginning as an area of sand dunes."

The latch string to Mr. Holmes' "private" office is on the outside at all times. You will find him in conference many times during the day with foreigners of the laboring class, and perhaps an employee of the bank, or some friend of the client, who acts as interpreter.

This bank is doing its share toward Americanizing our new comers and educating them out of hoarding, the habit they bring to us from across the water.

Resignation of Secretary McAdoo— Mr. Glass Appointed to Succeed Him

ON November 22 announcement was made of the resignation of Hon. W. G. McAdoo as Secretary of the Treasury and as Director-General of Railroads. In his letter of resignation, addressed to the President and dated November 14, Mr. McAdoo said:

Now that an armistice has been signed and peace is assured, I feel at liberty to advise you of my desire to return as soon as possible to private life.

I have been conscious for some time of the necessity for this step, but of course I could not consider it while the country was at war.

For almost six years I have worked incessantly under the pressure of great responsibility. Their exactions have drawn heavily on my strength. The inadequate compensation allowed by law to Cabinet officers (as you know I received no compensation as Director-General of Railroads) and the very burdensome cost of living in Washington have so depleted my personal resources that I am obliged to reckon with the facts of the situation.

I do not wish to convey the impression that there is any actual impairment of my health, because such is not the fact. As a result of long overwork I need a reasonable period of genuine rest to replenish my energy. But more than this, I must, for the sake of my family, get back to private life to retrieve my personal fortune.

Replying to Secretary McAdoo's letter of resignation the President said:

I was not unprepared for your letter of the 14th because you had more than once, of course, discussed with me the circumstances which have long made it a serious personal sacrifice for you to remain in office. I knew that only your high and exacting sense of duty had kept you here until the immediate tasks of the war should be over. But I am none the less distressed.

I shall not allow our intimate personal relations to deprive me of the pleasure of saying that in my judgment the country has never had an abler, a more resource-

ful and yet prudent, a most uniformly efficient Secretary of the Treasury; and I say this remembering all the able, devoted and distinguished men who preceded you. I have kept your letter a number of days in order to suggest, if I could, some other solution of your difficulty than the one you have now felt obliged to resort to, but I have not been able to think of any.

I cannot ask you to make further sacrifices, serious as the loss to the Government will be in your retirement. I accept your resignation, therefore, to take effect upon the appointment of a successor, because in justice to you I must.

Because of the magnitude of the financial problems with which he has been called on to deal and the success with which they have been handled, Mr. McAdoo will rank in the history of the country as one of the very able Ministers of Finance. As chairman of the Federal Reserve Board, the War Finance Corporation, virtual head of the Federal Farm Loan System, and as Director-General of Railroads, Mr. McAdoo assumed heavy responsibilities in addition to the arduous duties of Secretary of the Treasury. That his health has felt the strain of these numerous burdens is something known to the public for some time, and only recently he was compelled to take a long rest.

On December 5 President Wilson nominated Hon. Carter Glass to succeed Mr. McAdoo as Secretary of the Treasury. Mr. Glass is a member of the House from Virginia, is chairman of the Banking and Currency Committee, and was instrumental in framing and passing the Federal Reserve Act.



This is the bookkeeping department of the Old Colony Trust Co., Boston, where 34,000 accounts and millions of checks are handled. Men were formerly used in this department, but since the opening of the war it has been "manned" entirely by women



Many up-to-date banks are using a bank bulletin with movable letters in their lobbies for advertising purposes, notices of meetings, etc. This one is in the Peoples Bank of Buffalo, which uses the bulletin among other things for quoting the daily Canadian exchange rate

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

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CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000

Economic Conditions in France

THE MERCANTILE MARINE

THE problem of the mercantile marine is discussed in an article in the "L'Economiste Européen," signed by Mr. G. Bourgarel. We extract the following opinions:

The question is whether France would be able to provide after the war for her own needs the necessary products as regards the restocking of industries. This all depends upon the mercantile marine.

The mercantile marine of France works to-day under the régime of requisition voted by the Parliament long ago, but rigorously applied only since last February. At that date the Government had requisitioned the totality of the fleet not only for the needs of war, but also for those of restocking.

Against this last measure two members of the Chamber of Deputies have raised their voice in an endeavor to prove the fatal influence which such an intervention exercises upon private navigation companies. First, it has been pointed out that the requisitioning was a legal injustice, for it spoliates, sometimes to the extent of ruin, the navi-

gation companies, which fact will necessarily impair the vitality of the merchant marine after the war. Second, it has been pointed out that the requisitioning did not yield, not even at present, the services which were expected, since the public authorities derive from the fleet a result inferior to that which private administrations would have obtained.

Whatever may be the opinion of the Government or of its opponents, concludes Mr. Bourgarel, one thing is sure, namely, the preponderant rôle of the merchant marine after the war. No other economic programme should surpass in public interest the plan of reorganizing the merchant marine.

BONDS OF NATIONAL DEFENSE

The bonds of National Defense may be obtained anywhere in France without great formalities and without charge.

The nominal value of the bonds, which vary from 5 fr. to 100,000 fr., permits investments of any amount. With the exception of bonds of 5 fr. and 20 fr., whose interest is paid at

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the moment of redeeming, the interest of the Bonds of National Defense at one, three, six or twelve months, is paid in advance, at the moment of acquisition. The reimbursement, like the renewal, is made without formalities.

The great success of the Bonds of National Defense is due first to the fact that they are adaptable to the needs of everybody; secondly, to the fact that they are advantageous, bringing an interest of four per cent. or five per cent. without extra charges or taxes.

* * *

THE HARVEST IN THE RECOVERED TERRITORIES

The sudden and victorious advance of the allied troops has not only liberated a good part of the invaded territory, but it has also enabled the French to find almost intact the crop on which the enemy counted. It will be thus the French population who will benefit from these products.

The army authorities have immedi-

ately devised a systematic organization with a view to caring for the crops. Thanks to the rapid organization, more than three hundred thousand quintals of cereals have been saved. In order to realize what such a recovery represents, it is enough to say that about ten ships are available for the transport of allied troops and their ammunitions. The loss is thus double for the enemy.

FINANCIAL SOLIDARITY BETWEEN FRANCE AND UNITED STATES

The presence of the American Armies in France, growing daily more numerous, has led the French Government to engage in conversation with the Government of the United States respecting the joint interests of the two countries. Without waiting the conclusion of these parleys, the Federal Treasury has put a special credit of 200 millions of dollars at the disposition of the French Treasury, which has transferred it to the Banque de France, on the basis of metallic parity,

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(9th March, 1918)

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on account of the advances consented to by this establishment to the state. According as the employment of these dollars will be effected, the Banque de France will credit the Treasury with the difference between the metallic parity and the currency at which the

dollars have been retroceded. The state thus finds itself assured of collecting integrally the benefit of change which might result from this operation, of which the first effect is to redeem its debt due the bank, an amount of one billion, thirty-six millions of francs.



Economic Conditions in Italy

THE DEVELOPMENT OF THE ITALIAN MERCHANT MARINE

IN 1887 the Italian merchant marine comprised 237 steamships with a total of 144,328 tons, and 6,992 sailing vessels with 801,349 tons; that is, a total of 7,229 ships with 945,677 tons.

In 1907 the number of steamships amounted to 548 with 497,537 tons and that of sailing ships to 4,981 with 503,260 tons, a total of 5,529 ships with 1,000,797 tons.

On the eve of the war Italy had a

tonnage of 1,443,360 tons for steamships only, and at the end of 1916 she had 546 ships with 1,713,529 tons. Among the number of these boats there are thirty-five transatlantic ships with 170,008 tons.

The state has encouraged marine development by subventions and other facilities. Thus one of the most effective measures of encouragement has been the exemption of custom duties. The raw materials destined for use in maritime construction, as well as other

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welcomes and appreciates the accounts of banks and bankers. Its extensive clientele, developed during more than fifty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory relations maintained with correspondents.

Capital and Surplus, \$22,000,000

JAMES B. FORGAN
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President

imported articles, have been exempted of all custom duties or taxes.

ITALIAN EXPORT TO CANADA

The official report of the Canadian Commercial Commission in Italy gives interesting data regarding Italian exports to the Dominion of Canada.

Among the Italian products mostly exported to that country are alimentary paste, vines, olive oil, fruits, hats, electrical supplies, etc. The total export in 1913 amounted to about \$1,800,000. The war has somewhat upset the trade relations between the two countries. It was with the resumption of these relations in view that the Canadian Government sent a commission to Italy to investigate the special conditions of commerce and industry. It is hoped that the business relations between the two countries will be improved and extended after the war.

ACCORD BETWEEN THE FOUR GREAT ITALIAN BANKS

The representatives of the four greatest banks of credit in Italy—the Banca Commerciale Italiana, the Credito Italiano, the Banca Italiana di Sconto and the Banco di Roma—have met together on the invitation and under the presidency of Mr. Nitti, the Minister of Treasury. They have signed an accord by which, without hampering the independence of action of any one, it was decided to effect a coördination as regards their financial activities.

The accord considers the conditions under which the work of the banks will take place during the war as well as the conditions under which the banks will work two years after the war.

Considering the opportunity of extending this accord to other institutions, the four great banks have pledged themselves to establish an association among the smaller banks and the Ital-

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ian bankers. This "cartel" will develop the activity of the institutions of credit for the purpose of national economy.

ECONOMIC MEASURES AFTER THE WAR

The interesting report issued by the Foreign Office at Rome considers the action which Italy should exercise abroad on the conclusion of peace. The establishments of credit are examined as regards their function as a means of political and economic action abroad. It further states the inferiority of Italy in this domain, and remarks that the establishments which would devote themselves to complete the action of the Government abroad should be Italian in their composition and free

of foreign influence, for it is necessary to conserve a national character to the institutions designed for external action.

The possible solutions suggested are: to create a new bank in which the other banks would be interested in respecting equally the rights obtained by each of them before the war; or to create for the economic expansion abroad a consortium formed of several financial establishments; or to let the actual situation continue, the Government remaining free to use the coöperation of such a bank as it would deem most useful in each department, and to distribute the activity of each of these banks according to geographical rules.



Lloyds Bank Expansion

AT an extraordinary general meeting of the shareholders of Lloyds Bank, Limited, held at Birmingham for the purpose of considering the proposals of the directors for increasing the scope of the bank's activities, two very important speeches on the general question of banking amalgamations were delivered by the Chairman and Deputy-Chairman, respectively.

SPEECH OF SIR RICHARD VASSAR-SMITH

Some pressure has been brought to bear upon the directors that we should hold this meeting in London; but it seemed in their opinion to be such an important meeting, at which we wanted the views, and I

hope the consent, of the founders of this bank, which had its inception here, and which has been so loyally supported by you since that time, that it was only due to you to have the meeting here, as we have always held our meetings here during the history of this bank. There have been many occasions when the shareholders have been called together to consider proposals which tended to alter the character and policy of the bank. We may take the first in 1865, when the partners in the private Bank of Lloyds & Co. called their friends together to suggest that a joint stock company be formed, to consist of themselves and one or two other private bankers, for the purpose of carrying on banking business in Birmingham and within thirty miles around. At intervals more or less frequent, other meetings were held, mainly to

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Paid-up Capital	.	.	.		3,125,000
Reserve Capital	.	.	.		3,125,000
Subscribed Capital	.	.	.		6,250,000
Reserves	.	.	.		2,055,515
Surplus over Liabilities	.	.	.		8,305,515

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

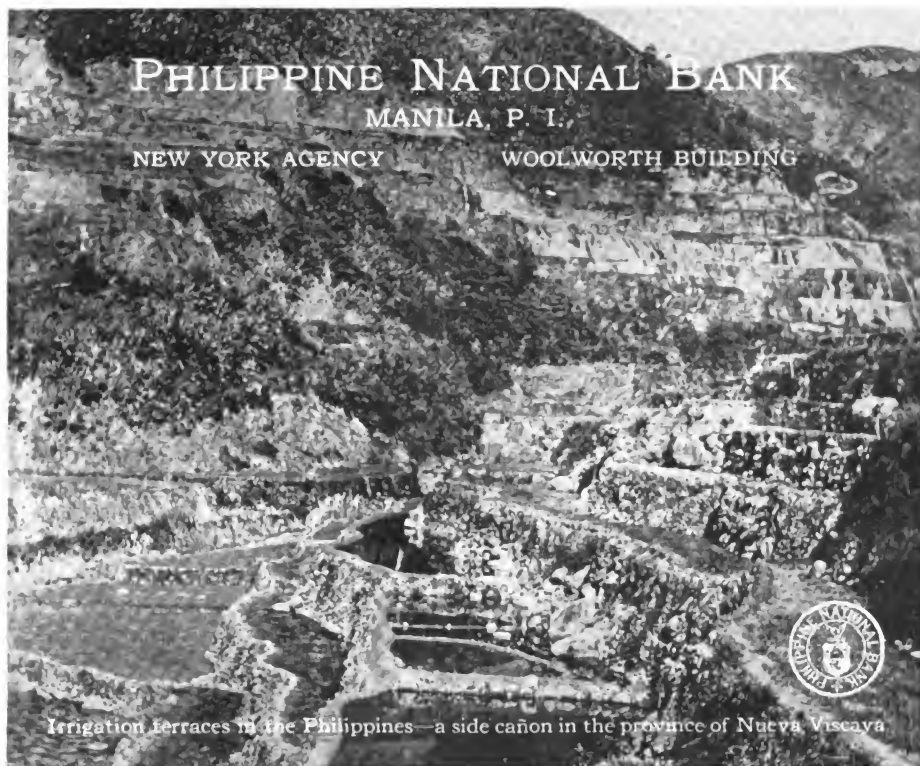
North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

acquire neighboring banks, till 1884, when business was opened in London by the acquisition of the banks of Messrs. Barnetts, Hoares & Co. and Messrs. Bosanquet, Salt & Co., and Lloyds became one of the clearing banks, establishing a new position. From that time its extensions have been in the acquisition of English Banks, but with one departure, in 1911, when you consented to the formation of a new bank, to be called Lloyds Bank (France), Limited, a separate institution, but always described and known as our French Auxilliary. On each of these occasions you have been told of the great importance of the proposals, of the increased strength of the bank occasioned thereby, and I am very happy to be able to say that none of these judgments have been wrong.

So much for the past, which I think justifies the action of the directors in making their proposals, and you in the confidence which prompted you to accept them. To-day I am about to ask your consent to proposals which may fairly be considered as surpassing in importance any of those previously sanctioned, and of inaugurating a new policy of overseas banking, which expression, however, is not quite accurate, as you have already adopted the French alliance, and also subscribed to the Capital of the British-Italian Corporation, of which Mr. Beaumont Pease is

chairman. Our proposals to-day are of two characters—firstly, the acquisition of an English Bank, and, secondly, a controlling interest in a Scottish Bank and a South American Bank. With regard to them I think you have received much information from the press, and so, to save your time, I will read the announcement we made:

"The Directors of Lloyds Bank, Limited, have pleasure in announcing that they have received the sanction of His Majesty's Treasury to the following arrangements. Subject to confirmation, they have agreed with the Board of the Capital and Counties Bank, Limited, for the amalgamation of the two banks, on the terms of one Lloyds Bank share, plus £2 in cash, for each Capital and Counties Bank share. The Capital and Counties Bank, Limited, has paid up capital £1,750,000, reserves and carry forward £1,150,000, deposits £60,000,000, and has had an honored history since its establishment in 1834. Its acquisition on favorable terms to the shareholders and customers of both banks gives to Lloyds Bank 473 new branches, 259 of them in new territory, and to the customers of the Capital and Counties Bank 668 of Lloyds Bank offices where the Capital and Counties Bank have not hitherto been represented in this country, and all the further facilities overseas. Seven of the present board of directors of the Capital and Counties Bank will join the



Irrigation terraces in the Philippines—a side cañon in the province of Nueva Viscaya

board of Lloyds Bank, and the present staff of the Capital and Counties Bank will be continued in the service in all respects as heretofore, including the present general managers of the Capital and Counties Bank, Mr. G. A. Harvey and Mr. E. D. Vaisey, who have agreed to act as managing directors of the Capital and Counties section of the amalgamated bank for a period of three years, and Mr. W. H. Gillett, the country manager of the Capital and Counties Bank, who will become an assistant general manager of Lloyds Bank."

A great deal of criticism has been evoked. I do not complain of this, as the conduct of our banking business is of such vital importance to the national welfare that criticism is natural and proper. Most of the criticism is with regard to bank amalgamation, and the danger of monopoly, which might cause a "Money Trust," and lessen the assistance now given to the trader—particularly the small trader. If there were this danger of a monopoly I agree that it should be prevented. But I see no risk of this. We shall have in the country five large banking institutions, besides a large number of smaller joint stock and private banks, and I am confident that competition will be as great as, if not greater than, in the past. Let us take the case of the Capital and Counties Bank. It has some twenty-five branches in London—

a great help to us—and 259 in new territory, largely in the Eastern Counties, in which we are almost entirely unrepresented. We have 668 offices where the Capital and Counties Bank have not hitherto been. So the number of places where we overlap, and where it may be thought competition may be checked, is not large. I may tell you that already we have had applications from our competitors to sell them unwanted offices, as they intend to open new branches in competition with us. I may add, however, that at the present time we have no intention to close any offices. The only cause which might force us to do so would be a further call upon our men for military service, making it impossible to continue our present service. The fear of not meeting the requirements of the small trader is unfounded, for we have always valued this connection, as well as that of the small depositor, and shall continue to do so. I have sat upon the Government Committee relating to banking facilities and to amalgamations. Every endeavor was made to obtain evidence in support of this contention, even to advertising for it, and none has been forthcoming.

With a view of facilitating business between England and Scotland, and placing many advantages, home and foreign, at the disposal of both banks' customers and others, an arrangement has been entered into

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74 Broadway, New York City

Capital - - - \$1,000,000.00

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LEIF H. STROM, Vice-President

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The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

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by the respective boards for a union of interests with the National Bank of Scotland, Limited, by way of a purchase of its shares. The National Bank of Scotland was established nearly 100 years ago, and has always held a high position among banking institutions in Scotland, with its head office in Edinburgh and 124 branches, including Edinburgh, Glasgow, and the principal cities and places in Scotland, and an office in London. Paid up capital £1,000,000, reserve and carry forward £863,000 and deposits £29,000,000. The price offered to the stockholders of the National Bank of Scotland, Limited, is £350 (in eleven Lloyds Bank shares and £75 National War Bonds) per £100 paid stock, together with a sum of £5 10s. in lieu of profits accrued to the 1st of May, 1918, which in the ordinary course would be divided in January next. The purchase consideration will carry dividend and interest as from the 1st of July. There has been a growing want of closer banking connection between England and Scotland, which has to an extent been met by the opening of Scottish banks of offices in London. We have had a long negotiation with the National Bank of Scotland, mainly with the view of giving fuller opportunities for the Scottish industrial and commercial communities to take part in the anticipated development of trade, and we believe this joint interest will enable

them to do so. As there is a distinct Scottish element in banking with which we have no wish to interfere, we are in favor of acquiring this joint interest by the purchase of stock, allowing the present management to continue, rather than by complete absorption.

The directors have also entered into arrangements with a view to the extension of facilities for British overseas trade, by a similar union of interests with The London and River Plate Bank, Limited, head office, London, with thirty branches, including Buenos Ayres, Bahia Blanca, and elsewhere in Argentina; Monte Video; Rio de Janeiro, Sao Paulo, Bahia, and elsewhere in Brazil; Valparaiso and Santiago; Paris, and New York. Paid up capital, £1,800,000; reserve and carry forward, £2,293,000; deposits, £25,000,000. The terms offered to the shareholders of the London and River Plate Bank, Limited are two shares of Lloyds Bank, Limited, for each share of the London and River Plate Bank, Limited. It has always been the policy of Lloyds Bank to support the industries and commerce of this country. To such an extent have I been in agreement with this policy that at all our annual meetings since I have had the honor of being chairman of your board I have given, so far as they were able to be given from the transactions of the bank, full reports of our different

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trades. It is with the view of maintaining that policy that we ask you to consent to the acquisition by us of the controlling interest, by purchase of the shares of the London and River Plate Bank. It is recognized that after the war it will be necessary to pay off our indebtedness and regain our financial position by increased production, industry, and economy, and that we must preserve our home trade and increase our export trade. To this end our industries are being re-organized, and overseas markets will have to be found. Larger banking facilities will be wanted, including those for foreign business. To make the latter complete we required closer arrangements with foreign bankers, so as to deal with our customers directly and quickly and to be able to give them full information both as to the credit they could obtain and the character of the persons with whom they wished to do business. It has been said that these facilities could have been obtained by a working arrangement with foreign banks. The foreign banks, however, did not take this view for various reasons, one being the possible limitation of their own business, and so we have to consider the other course.

There cannot be any doubt that there will be a large and increasing business in South America, and to be prepared for that

we make this proposal. The London and River Plate Bank is strong, both in regard to its published figures and its internal reserves. It has been successfully managed in the past; we do not propose to interfere with this management, only to take care that the interests and requirements of this bank and its customers are fully provided for. The liability of our bank will be limited to the responsibility now attaching to the shares, viz., in the National Bank of Scotland, £400 per £100 stock; in the London and River Plate Bank, £10 per share. Each bank will trade upon its own capital, reserves and deposits, and the deposits of Lloyds Bank will only be employed in its home trade. In the announcement which has been published we have stated the arrangements we have made for the management of the bank, also the intention to form a council of observation and intelligence. The Board of Lloyds Bank, through its management, will control the banking administration, but unfortunately, as we have cause to know in the case of Russia, developments arise which upset, or seriously interfere with, financial and commercial arrangements. At home, too, we are faced with troubles—unrest in the labor market and economic problems regarding capital and labor. It is thought desirable to have a watching committee, interesting them-

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

O. M. SHUMAN, Chief Foreign Dept.



(\$0.50 = 1 peso)

Authorized Capital (pesos) 10,000,000.00

Capital fully paid-up 4,500,000.00

Reserve Funds 2,000,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

selves in matters outside banking routine, so as to bring before the board, when necessary, considerations which should be borne in mind when determining the course of the bank's policy. We have also considered the question of the qualification of the staff necessary to carry on this extended system of banking, and are preparing a scheme to offer to such clerks as enter our service, and appear suitable, scholarships to enable them to go abroad to obtain some insight into foreign banking and commercial methods. We not only want these trained clerks for service abroad, but also at home, as we shall set up—we have already done so at Manchester—offices for dealing with foreign requirements. The same want will exist in industrial and commercial houses, and to give inducement to the required study, the University of London intends to institute degrees in Commerce. The Birmingham University and others have already done so. The Institute of Bankers provides courses of study in banking procedure and foreign languages which, in normal times, are largely made use of. Addition, for which a separate resolution will be brought forward, will have to be made to the number of your directors. At present the authorized number is twenty-four, and there are two vacancies. By agreement with the Capital and Counties Bank we take

seven of their directors, two will come from the National Bank of Scotland, and two from the London and River Plate Bank, making a total of thirty-three. We think we should have power now to appoint thirty-six, but it is not intended to continue such a number. We should suggest a permanent number of twenty-four, with power to the directors to appoint up to thirty-six. At present the permanent limit is eighteen, with power to appoint to twenty-four. I may add that two of your directors will serve on the boards of the two banks whose shares we are about to acquire.

Doubtless you will have noticed in the press that we applied to purchase the shares of the National Bank of India, and consent was refused owing to the objection of the India Government. This was a great disappointment, as we considered this to be a most valuable acquisition, tending to promote a large increase of business between this country and India. I have received many letters from our customers who are interested in this trade expressing the value of such a connection to them. However, I still hope that it may only be a postponement and not a final refusal of our proposal. I now beg to move: "That the capital of the company be, and the



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Capital

and

Surplus

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Oscar H. Swan - - -	Cashier	Chas. S. Macferran -	Asst. Cashier
Wm. B. Lavinia - - -	Asst. Cashier	Walter L. Johnson -	Asst. Cashier

same is hereby, increased to the extent of £20,000,000 by the creation of 400,000 new shares of fifty pounds each, and that the directors be and they are hereby authorized to allot and issue such new shares to such persons, whether shareholders in the com-

pany or not, at such times and upon such terms, and subject or not to the payment of a deposit, as the directors may think fit, and to apply the premium (if any) on the said new shares for any purpose of the company for which profits are applicable."



Money and Banking in Cuba

By WILLIAM H. MORALES,

Assistant Cashier, National Bank of Cuba

A PERUSAL of Cuban history shows that within a few years after the country was settled, questions in regard to the exchange value of its moneys arose, which were not effectually resolved till the lapse of nearly four centuries later, upon the establishment of the Cuban Republic.

As with the other early Spanish colonies of the New World, the circulating medium was at first solely metallic. A credit currency was not suited to a primitive country, whose foreign trade

was largely clandestine, open to piracy and other perils, its lawful commerce being limited to the port of Cadiz, Spain, under the monopoly of a board of trade known as the "Contratación de las Indias," succeeded in 1740 by the "Real Compañía de la Habana," till the English occupation in 1762.

The position of Cuba on the high-road between Europe and Latin America made its harbors the Mecca of the Spanish fleets of those days. The gold and silver mines of Mexico and South

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Brooklyn

New Utrecht

New Utrecht Ave. & 54th St.
Brooklyn

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Long Island City

Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

America poured their millions into the island after the year 1545, when the deposits of San Luis Potosi were opened to the world, the volume of the output being brought to Havana before distribution to Europe and other parts.

Instead of ships making the transatlantic journey alone as at present, large merchant fleets, laden with immense treasure, were convoyed by war vessels at long intervals, as a safeguard against filibusters and buccaneers, as well as to preclude possible competition.

In 1550 a monetary crisis occurred in Havana, which five years later became the capital, owing to the failure of the governor, Dr. Gonzalo Perez de Angulo, to enforce the provision of the Spanish law, that the silver real should be estimated at 34 maravedis, instead of 40 to 44, the commercial rate prevailing at Vera Cruz, Santo Domingo, Cartagena de las Indias and others points near the silver mines. The governor, actuated by private interests,

claimed that conditions in Cuba justified the same rate as in these places, and that the legal rate of 34 to 1, if applied, would drain the country of its silver stock.

These views were also expressed by travellers going from Mexico to Spain, who were obliged to make a long stoppage in Havana, where their money was exchanged, insisting that they should receive the larger or commercial rate for their silver as in other places.

Not disposed to change his attitude in the matter, the Spanish king (known to fame as Carlos V, emperor of the Holy Roman Empire) issued a royal circular (real sobrecarta), reasserting the legal ratio of 34 to 1 for Cuba, under a penalty of 100,000 maravedis, instead of 10,000 as fixed in his former order, for each violation.

The sovereign mandate was complied with, as peace and policy required, but this demand for a higher valuation of money in Cuba than in the mother country is taken as the origin of the premium

afterwards placed on Spanish coin, with which the people of later times are familiar.

When in the year 1779, during the reign of Carlos III, the Spanish gold Onza was commenced to be coined, its par value was estimated at 16 pesos in



LEOPOLDO CANCIO
Secretary of Finance of Cuba

Spain. But in Cuba it was shortly afterwards taken to represent 17 pesos, or a premium of about six per cent., which it continued to hold until the repatriation of Spanish money three years ago. This premium, we are told by authorities, supported by Dr. Leopoldo Cancio, Secretary of Finance and leading Cuban economist, was calculated to keep gold in the country, at an excess valuation, along with the annual output of \$800,000 in silver coming from Mexico, sugar and tobacco being exported from Cuba to North America and Europe as an offset thereto.

When the modern Spanish centén or



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Capital Authorized	\$7,500,000
Paid-up	3,250,000
Reserve Fund	3,000,000

BANKERS: Bank of England; London Joint-Stock Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

alfonsino, and the French luis or 20 franc gold piece, came into vogue, they were also admitted to Cuba at the same ratio as the Onza, namely, a six per cent. premium or 17 to 18 approximately, to the detriment of Cuban industry and commerce, throughout the course of the nineteenth century.

In the year 1868 Spain passed from a silver to a double standard, adopting the peseta as the monetary unit, equal in weight and fineness to the French franc and that of other countries of the Latin Union, composed of France, Belgium, Italy, Switzerland and Greece, by the monetary conventions of 1865 and 1868. The Isabelan silver Escudo, adopted in Spain as the unit by the law of June 24, 1864, was thereby demonetized.

But the Spanish peseta, consisting of gold or silver indifferently, while circulating freely in Cuba along with French gold and American currency in recent times till 1915, did not become the unit of value in the island. The Spanish gold dollar (peso oro Español), an imaginary coin equal to five Spanish gold pesetas (of 24.8903 grains of pure gold each) considered at a premium of 106, weighing 21.13 grains of fine gold (as a result of the six per cent. premium), and circulating in the form of current Spanish or French gold pieces, was taken as the standard. By reason of such premium these coins were received in the country at \$5.30 oro español for the centén (25 peseta gold piece) and \$4.24 oro español for the Luis and Doblón (25 franc and 25

peseta gold pieces of equal weight and fineness), which values they held till the last of Spanish money circulation in the island.

RESULTS OF THE SPANISH-AMERICAN WAR

The use of colonial paper money in Cuba, during the wars with the Spanish Government, did not substantially lessen the demand for actual coin, and it was not until after the Spanish-American War of 1898 that new conditions arose which afforded credit and security for the introduction of a composite system of currency.

When the American Government was established at Santiago in 1898, one of its first acts was to stabilize the currency of the eastern part of the island. United States money was forthwith adopted as the lawful medium and Spanish silver was eliminated accordingly. In the provinces of Havana, Pinar del Rio, Matanzas and Santa Clara, Spanish gold and silver continued in use, along with French gold and U. S. currency, at varying market quotations from day to day, until the adoption of a national standard by the Cuban Congress under the law of October 29, 1914, by virtue of which the Cuban gold peso, of weight and fineness similar to the American dollar, was declared the unit, and United States money a legal tender.

Under the authority of the Secretary of Finance, Spanish and other moneys were shipped abroad from Cuba as follows:

FISCAL YEAR 1914-1915 (ending June 30th):

United States	\$3,032,529.00
Spain	1,435,192.00
Canary Islands	66,000.00

\$4,533,721.00

FISCAL YEAR 1915-1916:

United States	\$17,337,734.00
Spain	17,411,003.00
France	60,000.00
Canary Islands	38,300.00

\$4,847,037.00

FISCAL YEAR 1916-1917:

United States	\$317,253.00
Spain	24,332,707.00
Mexico	45,000.00
Canary Islands	13,240.00

24,708,200.00

Total, reduced to U. S. Currency.....\$4,088,958.00

Of the above shipments, those to the United States were principally for re-coinage to Cuban gold of the new issue and were brought back later in national coin. They also include \$5,934,810 Spanish silver (value in U. S. currency) sent to Spain between August, 1915, and June, 1917.

been practically made to the new system.

As a result of the new monetary law and its regulations, the entire supply of Cuban money was minted at Philadelphia, through the medium of the National Bank of Cuba, the Government fiscal agent, in the following quantities:

GOLD COINS

\$20 pieces	\$1,135,000
10 pieces	12,635,000
5 pieces	9,140,000
4 pieces	540,000
2 pieces	320,000
1 pieces	17,250

\$23,787,250

SILVER COINS

\$1 pieces	\$2,819,000
40c pieces	1,128,000
20c pieces	2,090,000
10c pieces	625,000

6,662,000

NICKEL COINS

5c pieces	\$340,450
2c pieces	228,210
1c pieces	187,120

755,780

Total Coinage\$31,205,030

This delicate operation was effected gradually and in such a manner as not to disturb the monetary or exchange values of the country. By June 1, 1916, all conversions of accounts had

The above national supply of coin, together with perhaps twice the same amount of U. S. currency in general circulation, has been found sufficient for the country's normal needs, and

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch; 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(£5-£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
ROBERT A. THURBURN, Esq.
JOHN G. GRIFFITHS, Esq., M.V.O.
KENNETH MATHIESON, Esq.

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Cuba thereby automatically becomes, in law and in fact, a part of the American monetary system of the present day.

Cuba's foreign trade for the fiscal year ending June 30, 1912, amounts approximately to \$670,000,000 (\$370,000,000 exports and \$300,000,000 imports) as compared with \$141,002,921 for 1902-1903, the first year of the Cuban Republic.

The sugar crop of 1917-1918, now fully harvested (October 25th), amounts to 3,446,083 tons, which, at 4.60, the price fixed last year by the International Sugar Committee, represents \$400,000,000 with by-products, approximately. The new price of 5.50 recently arranged with the Allied governments for the next crop comes at an opportune time, considering the increased cost of production.

As the country exports the bulk of its products and imports most articles of consumption and use, including machinery and implements, it follows that Cuba is in normal times one of the high-

est priced countries of the world, and under present conditions, due to the European War, the cost of living is enormous.

To move the country's resources annually requires the use of millions of dollars from abroad, which the banks obtain and circulate in legal tender (which means United States money and Cuban coin), according to local demands.

It follows, therefore, that the chief functions of banking in Cuba are discount, deposit, exchange, collections, collateral loans, foreign credits and the distribution of money throughout the country. To conduct these operations on an elaborate scale, a system of branch banking exists, somewhat similar to that of Canada and typified by the National Bank of Cuba, the Government fiscal agent and depositary since the bank was created in the year 1901, prior to establishment of the Cuban Republic.

This institution was organized under

Bank Balances In Canada

This Bank possesses special facilities for transferring funds to and from Canada, and advice upon the best methods of financing money transfers and avoiding losses in Exchange will be extended to any Bank or Corporation upon application to Mr. F. L. Appleby, manager of the Foreign Exchange Department of our New York Agency.

Union Bank of Canada

Head Office
Winnipeg

New York Agency, 49 Wall St.
Geo. Wilson and F. T. Short, Agents

Capital & Surplus
\$8,500,000

the laws of Cuba on February 11, 1901, with a capital of \$1,000,000, and opened its doors for business July 18th of the same year.

With a head office in Havana and three branches at Matanzas, Cienfuegos and Santiago it undertook the pioneer work of modern banking in Cuba, and was appointed sole depositary and fiscal agent for the U. S. Government of Intervention. On the inauguration of the Cuban Republic the office was confirmed and the bank has continued as the sole fiscal medium at home and abroad.

Under its charter and the commercial code, the institution has the power to issue bank notes, which it has never exercised, and to do a general banking and trust company business.

During its first year, new branches were opened at Manzanillo and Cardenas, and in 1904 at Sagua la Grande and 84 Galiano Street, Havana.

By reason of growing business demands and the bank's position as Gov-

ernment Agent, its capital was increased to \$3,000,000 in 1904 and to \$5,000,000 the year following.

With greater resources thus available, the bank established a new era in behalf of Cuban agricultural interests, which had hitherto been neglected, and in 1905 five additional branches were opened at Pinar del Rio, Caibarién, Guantanamo, Santa Clara and Camaguey, respectively. The number has been increased to forty-four accordingly as conditions have required.

By this means the cane growers of Cuba were for the first time able to borrow money direct from banks for their crops, on reasonable terms, thus laying the foundations of a general prosperity which found them in a condition to meet the demands of production at the outbreak of the European War in 1914.

Since its organization seventeen years ago, the bank has paid dividends twice a year without interruption. Up to

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(\$0.26 = 1 Kr.)

Capital Paid Up Kr. 30,000,000

Surplus Kr. 15,200,000

Resources About Kr. 319,000,000

The organisation and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

Inquiries and applications for terms are cordially invited and will And prompt attention

Principal New York Correspondents { The Mechanics & Metals National Bank
The National City Bank of New York

December, 1904, the rate was six per cent. per annum (payable semi-annually), when it was increased to eight per cent., and has been so maintained, with a special dividend of one per cent. at each period since June 30, 1916, inclusive.

A surplus of \$5,000,000 has been accumulated since the bank begun business.

The specific condition of the bank is shown in its balance sheet of June 30, 1918, with deposits of \$86,499,321.90

and total assets amounting to \$112,772,576.83.

With a complete organization at its command, founded on time and experience, the bank has attained a degree of popular confidence which is reflected in the Fourth Liberty Loan campaign, just closed, to which the institution has contributed for its customers \$4,210,000 of the \$10,211,750 subscribed by Cuba, or over seventy per cent. of the \$6,000,000 quota fixed for this country by the United States.



Anglo-South American Bank, Ltd.

THE thirtieth annual general meeting of the Anglo-South American Bank was held on October 23 at Winchester House, Old Broad Street, London, under the presidency of Sir Robert Harvey, the chairman of the company. At the outset of his remarks, the chairman said:

It has been my custom as the war progressed to give you the up-to-date particulars of the numbers of our staff who have given their services in his Majesty's Forces, and you will, no doubt, be interested in the following figures: 192 have joined the forces, of whom 30 have made the supreme sacrifice, 34 are wounded, six are prisoners of war in Germany, and nine have left the forces medically unfit.

Sir Robert Harvey then made a brief survey of Government finances and the war, and made the following observa-

tions regarding bank amalgamations and other important developments:

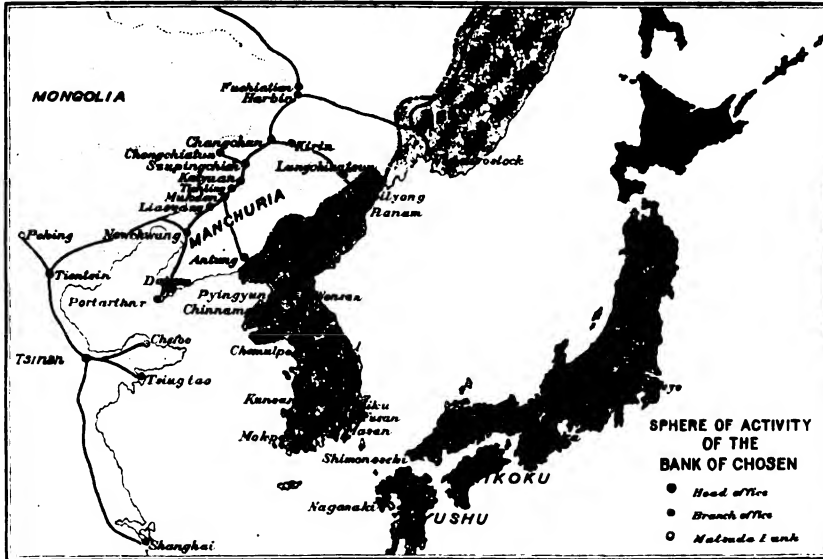
Many important developments have occurred recently in the banking world, involving amalgamations amongst leading English banks, and in some cases the transfer of the control of British banks trading abroad into the hands of the clearing banks. It would be beyond my province to detain you by a discussion as to the wisdom of creating these gigantic institutions, but I am entitled to direct your attention to a statement of policy on the part of the chairman of one of the foremost of these banks, who informed his shareholders that he considered it to be an incorrect policy for themselves and similar banks to establish branches in foreign countries, and that he preferred to enter into working arrangements with banks trading outside Great Britain. This is a policy which we cannot but think is, for a variety of reasons, the correct one. We have, indeed, acted as pioneers in that direction when in March

The Bank of Chosen

Incorporated by Special Charter of Imperial Japanese
Government 1909

Subscribed Capital - - Yen 40,000,000

Paid-Up Capital - - - Yen 25,000,000



Head Office, Seoul, Korea

Principal Branches :

KOREA: Chemulpo, Pyengyang, Wonsan, Fusan

MANCHURIA: Mukden, Dairen, Changchun, Newchang, Harbin, Antung

JAPAN: Tokyo, Osaka, Kobe

CHINA: Shanghai, Tsingtao, Tientsin, Tsinan

Affiliated Bank—VLADIVOSTOK: Matsuda Bank

LONDON BANKERS: Guaranty Trust Company of New York
London City and Midland Bank, Ltd.

Principal American Correspondents :

Guaranty Trust Company of New York
Equitable Trust Company of New York
Irving National Bank, New York
National City Bank of New York
National Bank of Commerce in New York

Wells Fargo - Nevada National Bank,
San Francisco

Canadian Bank of Commerce, San Francisco, Seattle and Vancouver

H. YASUDA, New York Representative, 120 Broadway

Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

\$10,000,000

PARIS - FRANCE

last we made a mutual working agreement with Messrs. Williams Deacon's Bank (Limited), of Manchester, whereby our own representatives are located in the head office of that bank in York street, Manchester, thereby placing the merchants and shippers of that locality in direct touch with ourselves, so that the many advantages of direct personal communication are obtained by all parties.

We were pleased that, simultaneously, our Manchester friends made a similar arrangement with the London and Brazilian Bank in respect of business with Brazil, in which country, as you know, we have no offices, and by this means shippers are able to deal in one office in Manchester with the documents representing their shipments to any part of South or Central America. We also concluded a mutual working agreement with the London and Brazilian Bank to act as agents for us in Brazil and Portugal, whilst we represent them in Chile and Spain. Very recently we have made further mutual working arrangements with the Northern Banking Company of Belfast and the West Yorkshire Bank, whose head office is in Halifax, and we have reason to hope that, in due time, these will have satisfactory results. The arrangement in Manchester has already succeeded beyond our expectations. It is quite possible that we may enter into further working agreements of a similar nature.

A further step taken by us in the direction of an extension of our sphere of activity is the purchase of the bulk of the shares in the Commercial Bank of Spanish America (Limited), which has branches in Colombia, Venezuela, Ecuador, Nicaragua and San Salvador. Our total investment in this company represents 238,021 shares out of a total of 261,417, so that we hold over 90 per cent. of the capital.

The chairman next made a thorough review of economic conditions in Ar-

gentina, Chile, Bolivia and Uruguay, and also referred to the operations of the bank's branches in Spain and at Paris. He then said:

I will now direct your attention to certain items in the balance-sheet. The growth of our business, already large last year, has been even greater in the period under review, as the following summary will show:

	Year Ended June 30.	
	1917.	1918.
Current and deposit accounts..	£14,114,982	£27,275,473
Bills payable	5,981,166	9,056,797
Cash	3,037,453	9,612,747
Investments*	2,200,333	3,111,622
Bills receivable	9,399,690	14,923,937
Advances	9,506,802	12,856,000

*After allowing for investments reserve.

You will see that the deposits we hold are now £27,000,000, as against £14,000,000 in 1917, and £9,000,000 in 1916. Our acceptances are £9,000,000, against £6,000,000, and acceptances for customers' account £1,750,000, against £1,300,000. On the other side, our cash in hand and bills receivable, which latter are practically equivalent to cash (being almost entirely first-class bills on London at not exceeding 90 days' sight), have gone up from £12,300,000 to nearly £25,000,000. (Cheers.) Advances have increased by £3,300,000 only. These figures demonstrate that we have considered it wise to retain a very large proportion of the additional money entrusted to our care in the most liquid form possible, and our readily available assets in cash and bills represent about 70 per cent. of our total liabilities to the public.

There are two reasons for this policy. Firstly, it is not at present easy to utilize with safety in ordinary banking business such a large percentage of increased funds, and, secondly, we regard the increased deposits as not unlikely to be in a very large measure withdrawn at the conclusion of the war for utilization in trade.

Our profits, whilst they have increased in what we believe you will regard as quite a satisfactory manner—the gross profit being £1,077,000, as against £752,000, and the net profit £451,000, as compared with £320,000 (cheers)—have not improved in quite the same proportion as the total balance-sheet figures, which I have already quoted. This is due to the fact, already stated, that it has been, in our opinion, necessary and wise to keep a large proportion thereof in assets readily available to meet the withdrawals which may be produced by peace conditions, and that class of asset produces a comparatively low rate of interest. In connection with our profit and loss account, the item of charges, which has gone up from £320,000 to £486,000, will, no doubt, have attracted your attention. I can only repeat the explanations given at the last two or three annual meetings—viz., that, whilst we

keep every possible check on expenditure, the increase is quite unavoidable. By far the larger part of the additional expense is due to increased salaries and bonuses to the staff abroad and at home. We have considered it the merest justice to assign to our staff additional remuneration in the shape of special temporary allowances, sufficient to provide for the higher cost of living now current, and we have from time to time during the war revised these additions in accordance with the necessities of the situation. We feel convinced that in so doing we have only anticipated your own views and wishes. (Hear, hear.) You will also realize that our staff has, by the satisfactory development of our business and the additional branches we have established, increased very considerably in numbers. If, however, we are able to maintain our net profit at the present level or thereabouts, I feel sure that you will not be disposed to be hypercritical regarding expenses, particularly in view of the explanation which I have given you.

As to the appropriation of the profit, we propose a final dividend of 7s 6d per share, less income tax, to transfer £100,000 to reserve fund, to make the usual appropriation to the staff pension fund, and for payment of a bonus, and to write off £50,000 from bank premises account. We shall then have £188,000 to carry forward, as against £155,000 brought in. The total dividend is at the rate of 12½ per cent. per annum, as compared with 10 per cent. last year, and you will note that even at the higher rate we are distributing our earnings on an extremely conservative basis.

In concluding his remarks, Sir Robert Harvey stated that, having completed the seventy-first year of his age, he felt that he had not the energy necessary to continue his duties as chairman, but announced that he would be pleased to continue his services as a director.

Before adjourning appropriate resolutions of thanks were adopted expressing appreciation of the services of the managers and staff of the Bank, and in moving the adoption of these resolutions Mr. Thomas Ford paid a special tribute to the retiring chairman.



Chartered Bank Increases Capital

THE Chartered Bank of India, Australia and China is increasing its capital from £1,200,000 to £2,000,000 by issuing 40,000 £20 shares at £40.

Industrial Bank of Japan

AT the half-yearly general meeting of shareholders of the Industrial Bank of Japan, held at the head office in Tokyo, August 5, it was announced that Mr. Tetsujiro Shidachi, the president of the bank, retired on the expiration of his term of office on the 9th of February and was on the following day succeeded by Mr. Hisaakira Hijikata, one of the directors of the Bank of Japan.

The bank formerly was not authorized to subscribe for or underwrite other than national or municipal bonds and the debentures of companies; nor could the bank furnish loans on mortgage of ships. With the trend of industrial growth in recent years, however, the necessity of furnishing the investment funds, not only in the form of debentures, but in the form of stock, has been keenly felt, while there was urgent demand for loans for shipping undertakings at moderate rates of interest. Consequently, the law incorporating the Industrial Bank of Japan was amended by Law No. 26 promulgated on March 28, 1918, to meet the above mentioned requirements.

With the object of furnishing funds for investment abroad, the Government with the consent of the Imperial Diet by the enactment promulgated on March 28 authorized the bank to issue industrial debentures to the extent of 100,000,000 yen, the payment of the principal and interest of which was guaranteed by the Government. The first series of these Government-guaranteed debentures amounting to 50,000,000 yen at 5½ per cent. was issued by the bank in July with success.

The bank being authorized, as above stated, to engage in new lines of business, such as furnishing funds for shipping undertakings as well as expanding its general banking operations, a branch was opened last July, at Kobe, which is the centre of the shipping industry in the western part of the Empire. To meet the increasing demands for loans in China, the bank opened an office in Peking in February last. Thus

at the end of the half-year under review the bank was maintaining three branches, namely, those at Tokyo, Osaka and Kobe, besides an office in Peking.

The present capital of the Industrial Bank of Japan is 30,000,000 yen, of which 23,748,050 has been paid up. The capital is divided into 600,000 shares of fifty yen each, of which 350,000 shares have been paid up in full, 249,844 shares half paid up, and 156 one-quarter paid up. The total number of shares transferred during the half-year under review was 63,686 (exclusive of 1,337 shares transferred gratuitously) with an aggregate value of 2,253,452.30 yen, making an average price of 61.94 yen on fifty yen paid up shares, 33.58 yen on half paid up shares, and 20.30 yen on quarter paid up shares.

The amount of business transacted by the bank having been generally augmented, the aggregate amount of investments reached over 179,220,000 yen at the end of last half-year under review, showing an increase of 46,510,000 yen over the figures existing at the end of the preceding half year. Although money on interest did not command a favorable rate, the gross profit was increased, so that the bank made a fair net profit in spite of the fact that larger sum was devoted to the readjustment of the loss account than had been expected. Numerically stated, the gross profits of the head office and the branches of our bank for the half-year amounted to 6,535,807 yen. This added to the balance of 79,705 yen brought forward from the previous half year makes a total of 6,615,513 yen. The gross losses of 4,950,986 yen being subtracted, the net profit amounts to 1,664,526 yen; 826,317 yen out of the net profit being derived from the premium on the increased capital sold on February 8 last, this whole amount has been, as required by the laws and regulations of the bank, transferred to the reserve fund to provide against losses; of the balance of 837,199 yen. six per cent. of the paid up capital being designated to dividends as in the

case of the former half year, the remaining balance is to be distributed to the reserve and other funds.



British Currency after the War

BRITISH gold will continue to be unknown in British domestic circulation after the war if the very conservative recommendations, just issued, of Lord Cunliffe's parliamentary committee on post-war currency and exchange are adhered to.

All possible reserves of gold would be concentrated in the Bank of England and used for controlling exchanges and as a reserve to guarantee the solidity of the financial system. The familiar treasury notes which now form much the largest part of the currency (if the part played by checks is omitted) would soon be displaced by Bank of England notes and later these would be restricted to a certain total amount as compared with the actual gold reserve.

A report received from the American Chamber of Commerce in London points out that if the recommendations were accepted by the British Government it would possibly be the beginning of a new phase in international peace-time trade in which the chief governments of the world would consider it part of their duty toward their industry and commerce to guarantee that the rate of exchange should never be unfavorable.

But at the same time the Cunliffe report is very definitely opposed to further borrowings for capital expenditure as a means of financing large extensions of industrial and commercial enterprises—or even for far-reaching programmes of housing and other reconstruction schemes. The American Chamber of Commerce reports on this point that other influential sections disagree with these recommendations and urge the idea that they are merely what would be expected from a banking com-

mittee which would naturally prefer that all financial support for industrial and commercial expansion should be secured only through the ordinary banks. A conflict is predicted on this point and American business men are advised by the Chamber in London to form their own opinions on a problem which is certain to rise in some form or other in the United States.



High Silver and Chinese Exports

DURING 1917 silver reached its highest value in many years, resulting in a contraction, or rather a limitation of business, according to Consul-General Anderson, Hongkong, for with silver at a high value the Chinese producer secures for his exports a correspondingly low price for his goods when sold on a gold-standard market in competition with similar goods from gold standard countries; while, on the other hand, if he has money, his silver goes much farther than usual in the purchase of goods produced on a gold standard basis. Theoretically, imports into China from the United States, Europe and other exporting countries should be stimulated, and to a certain extent they are stimulated, by the high exchange value of silver, although this may so depress silver prices received for Chinese exports that many lines of Chinese goods do not bring enough return to the producer to justify exportation. Unless China can sell its own products it cannot buy other countries' products at any price. During the past year there has been so strong a demand in the United States and other countries for certain raw materials produced by China that they have been taken in spite of high exchange and at almost any price in gold. The extraordinarily high prices paid in gold by the United States for its imports from China has not benefited the latter proportionally, however, for its returns in most lines

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PARIS - FRANCE

of its exports have not been up to normal prices in silver, at least they have not been enough above normal fully to compensate China for extraordinary costs and expenses in other lines.



Bank of Chosen

AT the eighteenth ordinary general meeting of shareholders held in Tokyo, August 20, the following report was submitted:

We have the pleasure to submit the following report covering the operations of this bank for the half-year extending from January 1 to June 30, 1918, together with the annexed balance sheet and profit and loss statement.

The present capital of the bank is Yen 20,000,000, the amount paid up being Yen 19,969,400, divided into 200,000 shares, of which 30,000 are held by the Government. The total number of shares transferred during the half-year was 16,731 (excluding 592 shares transferred gratuitously) at an aggregate value of Yen 2,338,642.11, the average price per share being Yen 165.99 for an old share (fully paid up), Yen 100.09 for a new share 50 Yen paid up, Yen 141.22 for one 75 Yen paid up, and Yen 184.30 for one fully paid up.

The meeting was held at the Bankers' Association Building, Tokyo, on the 18th of February, 1918, when the report, balance sheet, profit and loss statement, and inventory for the seventeenth half-year were presented to and approved by the shareholders, and decision reached as to the distribution of the profits for the same period.

Subsequently propositions for the addi-

tion of a member to the directorate and the election of the candidates therefor were put to the meeting and passed, resulting in the election of Mr. S. Katayama and Mr. K. Hamaguchi as candidates. The election of an auditor was also held, as the term of Mr. K. Hattori expired on the 19th of February following, resulting in his re-election.

The meeting was held at the Bankers' Association Building, Tokyo, on the 17th of April, where the changes introduced into the by-laws of the bank consequent upon the revision of the Bank of Chosen Act were resolved upon.

On the 1st of January, the rights and duties of the branches of the Yokohama Specie Bank at Antung, Tiehling, Liaoyang, and Port Arthur, as well as the treasury business in Manchuria hitherto handled by the same bank, were transferred to the bank, and, in consequence, on the 7th of the same month, branches were established at Liaoyang, Tiehling, and Port Arthur, the bank having already a branch of its own at Antung.

Mr. S. Katayama was appointed director by the Governor-General of Chosen and assumed office as such on the 20th of February.

A branch office was opened at Cheng-chiatun, Mongolia, on the 1st of March, and another in Shanghai on the 11th of April, both in accordance with Government orders.

Under date of the 30th of March, the Bank Act was revised by virtue of Law No. 28 and the following changes were made:

1. A deputy governorship was created.
2. The limit of note issue on security reserve was extended to Yen 50,000,000.
3. The trust business was added to the business of the bank.

Mr. T. Kano was appointed deputy governor of the bank and assumed office as such on the 25th of June.

The profits of the bank, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amount to Yen 1,257,685.82, to which has to be added the balance from the previous half-year, Yen 293,022.16, making a total of Yen 1,550,707.98, which it is proposed to appropriate as follows:

Banking Connection between India and the United States

BECAUSE the opportunity for further industrial development in India is so apparent, and because that development will require financial assistance on a large scale, unusual importance is attributed to the organization of the Tata Industrial Bank, for which, as recently announced, the Guaranty Trust Company of New York has become the correspondent in this country. A writer in "Capital," a financial and economic journal of Calcutta, had the following to say regarding this bank, the first of its kind to be established in India:

The Tata Bank is intended, as far as possible, to guide industrial investment into sound channels. In undertaking all preliminary investigations, and floating industrial issues under its own ægis, it will fulfil useful functions. It has another advantage. It creates banking machinery, as far as this country is concerned, of an entirely new character. There has been bitter complaint that industrial enterprises have received inadequate support from commercial banks. The Tata Bank removes all ground for complaints of that character, its *raison d'être* being that industrial financing requires banks constituted specially for that purpose. It is not the business of either the Presidency or Exchange banks to finance industries. They are constituted to finance trade and trade alone. The need of industrial banks has often been felt. It has now received practical recognition under the best possible auspices. As Sir R. N. Mookerjee, chairman of the local board of management, observed in asking Lord Ronaldshay to declare the Calcutta Branch open.

"India for some time past, and in an increasing measure as the war has progressed, has been thrown more and more on her own latent resources. New industries have sprung into existence and we stand

	Yen
Dividend at 6 per cent. per annum on old shares	300,000.00
Dividend at 6 per cent. per annum on new shares	219,041.09
Additional dividend at 2 per cent. per annum on old shares	100,000.00
Additional dividend at 2 per cent. per annum on new shares	73,013.69
Reserve fund to provide for losses	400,000.00
Reserve fund to equalize dividend	30,000.00
Bonus and allowances	75,000.00
Balance carried forward to next half year	353,653.20

1,550,707.98

MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

K. M. VAN ZANDT, Jr.,
Vice-Pres. & Manager

GEO. J. McCARTY, President
F. PELTIER, Asst. Manager

FCO. COUDURIER,
Cashier

G. A. MORAN,
Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

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REPUBLIC OF MEXICO. P. O. Address: Apartado 1346.

on the threshold of an era of great industrial development!"

Every new enterprise of a competitive character meets with criticism, but taking it by and large we believe the Tata Bank is generally accepted as an institution containing the potentiality of useful and profitable achievement in the interest of Indian economic development.

The Asia Banking Corporation, which was recently formed by the Guaranty Trust Company and a group of associated banks, will act as correspondent of the Tata Industrial Bank in the Far East. A large part of India's trading is done with China, Japan, Java, and other parts of Eastern Asia, where the Asia Banking Corporation will ultimately operate.



Standard Bank of South Africa

THIS institution, according to recent advices cabled to the New York office, has established a new branch at Rotterdam.



Far Eastern Bank Organized

PRIVATE advices received in New York from Tokyo indicate that the American-Japan-China Trust Company has been formally organized there with a capital of 20,000,000 yen, or \$10,000,000. It is understood that Mr. Sugawara, formerly vice Minister of Finance of Japan, will be president

of the new institution and K. J. Imanishi, who was one of the agents of the Bank of Taiwan in New York, will be acting director and general manager. A meeting of stockholders for organization was held in Tokyo on October 15.

A meeting of the promoters of the American-Japan-China Trust Co. was held last July in Tokyo, when 370,000 shares of stock out of a total of 400,000 shares were subscribed. Subsequently 300,000 shares were offered in Japan and largely oversubscribed.



Foreign Trade Thought of 1918

UNDER this caption a new publication has been issued by the Irving National Bank, New York, in its Foreign Trade Series.

In "Foreign Trade Thought of 1918" excerpts from addresses delivered at the Fifth National Foreign Trade Convention, held in Cincinnati, have been classified so as to emphasize outstanding ideas, such as: Coöperation, The Need for Nationalizing Effort, For Creating an Adequate Merchant Marine, For Adjusting Vision to the Needs of the Whole World.

The Forword urges the establishment of foreign trade as an American institution. It does not advocate indiscriminate competition or a measuring of commercial progress in terms of "War After the War." But it does point out that the slogan of the five

conventions, "Greater Prosperity Through Greater Foreign Trade," will be realized only through recognizing the value of wholehearted, concentrated effort, intensified zeal and activity.



A view of Cape Town, from an advertising book mark of the National Bank of South Africa, Ltd.

More Capital for Bank of India

WILLIAM BAXTER, New York agent for the Chartered Bank of India, Australia and China, has received information that the directors have applied to the Treasury for sanction to increase the capital of the bank from £1,200,000 to £2,000,000 by the issue of 40,000 new shares of £20 each, fully paid. The issue price of the new shares will be £40, and stockholders are entitled to subscribe in the proportion of two new shares for every three old shares now held. The present quotation for the old shares is £84.



Barclay's Bank Acts to Increase its Capital

BARCLAY'S Bank proposes to issue 364,472 £4 shares at £6 10s, making the paid-up capital £8,747,000 and the reserve £7,000,000.



Another Amalgamation

IT is reported that the London County, Westminster and Parr's Bank is negotiating to absorb the Lancashire and Yorkshire Bank. The latter institution has its chief offices at Manchester and branches in about 125 towns. It has a paid-up capital of £862,660 and a reserve of £580,000.



Philippine National Bank in Russia

THE Philippine National Bank has sent a representative to Russia with a view to looking over possibilities of establishing a branch at Vladivostok. The bank has considered a Russian branch for some time, but in order to provide ample banking facili-

ties for the American troops dispatched to Russia it is considered this is an opportune time to open a Vladivostok office. If conditions seem favorable the Russian office will probably become a permanent branch.



Buenos Aires Branch of Boston Bank

ALTHOUGH established only a little more than a year, the Buenos Aires, Argentina, branch of the First National Bank of Boston has attained a prominent position among the twenty-two banking institutions in that city. The figures of checks cleared in August, the latest available, show that the First National Branch was seventh in volume of clearings, with \$118,176,286.09 in Argentine paper. This places it at the head of the branches of United States banks in Buenos Aires in this respect.



Credit Commercial de France, Paris

Credit Commercial de France

AFRENCH banking institution with a very long experience in the many technicalities of commercial banking, both foreign and domestic, is the Crédit Commercial de France, whose head office is in Paris at 20 Rue La Fayette. The New York representa-



Main Banking Room, Credit Commercial de France

tive is Mr. Maurice Trembley, at 37 Wall Street. Branches are maintained at Lyons, Marseilles, Lillie, Tourcoing (agency), Nice, Draguignan and Grasse,



Directors' room, Credit Commercial de France

while there are also agencies in Genoa and Porto-Moritzio, Italy.

The assets of this institution rose from an aggregate of francs 235,600,-889.92 on December 31, 1913, to francs 527,363,699.44 on December 31, 1917.



Commercial Banking Company of Sydney

AN ordinary general meeting of the shareholders of the Commercial Banking Company, Limited, Sydney, N. S. W., was held at the head banking-house in Sydney, June 30, 1918, at which the subjoined report was submitted to the shareholders by the directors of the bank:

	£	s.	d.	£	s.	d.
Balance at credit of profit and loss.....				197,243	1	11
To dividend for half-year at 10 per cent.....	100,000	0	0			
To transfer to reserve fund.....	40,000	0	0			
To balance carried forward.....	57,243	1	1	£197,243	1	11

The present capital of the bank is £2,000,000, reserve fund, £2,000,000, and reserve capital £2,000,000. Total assets on June 30, 1918, were £32,581,623.



Mitsui Bank, Ltd.

THIS is the oldest banking institution in Japan, its establishment dating back to the year 1680. Its head

office is at Tokyo, with branches in all the important Japanese cities. Assets on June 30 last aggregated yen 301,982,650. Net profits for the last half-year were yen 2,276,457, which increased by the balance brought forward gave a total of yen 2,755,751, allocated as follows: Reserve fund, yen 1,400,000; pension and provident funds, yen 57,500; bonus, yen 221,800; dividend to shareholders, yen 600,000; balance carried forward, yen 476,451.58.



Progress of the Philippine National Bank

STATEMENT of condition of the Philippine National Bank for September 30, 1918:

RESOURCES

Loans and Discounts	\$62,422,027.68
U. S. and Philippine Government Bonds	2,835,666.76
Furniture and Fixtures	58,982.49
Exchange for future delivery	4,064,795.75
Due from Branches	421,717.34
Due from Banks and Bankers	6,844,644.61
Cash in vault and with Treasurer of Philippine Islands	17,788,119.83
Customers' Liability I/C and Acceptances	21,960,826.22
	<hr/>
	\$116,396,780.68

LIABILITIES

Capital	\$4,604,575.00
Reserve Funds	1,808,694.89
Dividends Unpaid	1,690.40
Circulation	2,430,000.00
Acceptances	4,246,239.19
Exchange Contracts	4,064,795.75
Commercial Credits	14,215,737.90
Deposits	85,025,047.55
	<hr/>
	\$116,396,780.68

As further illustrating the progress of this institution, the following comparative statement, showing total resources on the dates named will be found of interest:

May 2, 1916.....	\$10,948,000
July 22, 1916.....	31,415,000
Dec. 31, 1916.....	50,786,000
Feb. 28, 1917.....	63,885,000
Dec. 31, 1917.....	69,138,000
Mar. 31, 1918.....	82,046,000
June 30, 1918.....	105,471,000
Sept. 30, 1918.....	116,396,000

The head office of the Philippine National Bank is at Manila, and the New York office is in the Woolworth Building, and is in charge of Charles C. Robinson, vice-president. It is the intention of the bank to remove the New York office to 37 Broadway some time the present month.

Book Reviews

ACCRUED INTEREST RECEIVABLE AND PAYABLE. By Howard M. Jefferson, Auditor Federal Reserve Bank of New York. The Bankers Publishing Co., New York. Price, \$1.

This book meets a specific requirement of banks in furnishing information to the Comptroller of the Currency in regard to accrued interest receivable and payable, unearned discount and expense items. Beginning January 1, 1919, banks must report these items, and Mr. Jefferson has pointed out in a clear yet complete way how they can do so accurately. By a set of proved figures and a thorough analysis and description of the operations, Mr. Jefferson (who is Auditor of the Federal Reserve Bank of New York) presents a system whereby these items may be duly covered and in addition a true daily statement of the bank's condition exhibited. The banker is thus not only provided with the information necessary to meet this new requirement of the Comptroller's office, but is greatly aided in making a correct response to that official's "calls."

Bankers, like other business men, find no small share of their time consumed by making out reports of one kind and another, and it must be admitted that in recent years the Comptroller's appetite for information about the conditions of the banks has appeared insatiable. Not a little consternation was felt among the banks at this demand for more statistics about their operations, especially when, as in this case, it related to something about which there was a great diversity of method among banks in handling. Mr. Jefferson's book will relieve the banks of much anxiety on this score, enabling them with a minimum amount of labor and trouble to give the Comptroller the required information, and at the same

time to keep their accounts more accurately.



LOANS AND DISCOUNTS. By A. W. Shaw Co., Chicago. Price, \$3.00.

In the loan and discount department probably more than in any other branch of the bank the need of concise and thorough records, carefully classified, is paramount.

In this book are many suggestions and ideas for keeping and classifying material and speeding routine. The methods are so varied in their application that any bank, whether city or country, will find the contents of value.

Special attention has been given to the subject of farm loans. Indexed.



COMMERCIAL LETTERS. By J. B. Opdycke and C. A. Drew. H. Holt & Co., N. Y. Price, \$1.50.

The volume aims to present good examples of the principal types of commercial letters from the simplest to the most complicated, from the scientific to the most artistic. Practically every letter has been proved an efficient agent of commerce.

The textual matter is kept general throughout and is intended to be merely suggestive.



INTRODUCTION TO STATISTICAL METHODS. By Horace Secrist. Macmillan Co., N. Y. C. Price, \$2.00.

An introductory but comprehensive text on statistical methods for the use of students, statisticians and business executives.

It is the aim at every stage of the discussion to develop the "why" of sta-

tistics and concretely relate methods to the problems of public and private economies.



INHERITANCE TAXES FOR INVESTORS.

By Hugh Bancroft. Houghtin Mifflin Co., Boston. Price, \$1.00.

A new and revised edition of this popular handbook shows the extent to which a resident of any state may be affected by the inheritance tax laws of every state as well as by the new federal estate tax and Canadian laws.

The book is written in non-technical language and designed primarily for the use of investors. As it contains references to the important decisions and a useful summary of the inheritance tax laws of every state, it is also valuable to every attorney having to do with inheritance tax questions. A new feature is a list of the officials in every state having charge of inheritance tax matters.



FINANCING AND THE WAR. By A. B. Hepburn. Princeton University Press, Princeton, N. J. Price, \$.50.

Reviews the financial history of the United States and Europe and offers a few suggestions in light of previous experiences.



CONTEMPORARY THEORIES OF UNEMPLOYMENT AND UNEMPLOYMENT RELIEF. B. F. C. Mills. Longmans, Green & Co., N. Y. Price, \$1.50.

This paper from the "Columbia University Studies in Political Science" deals with present-day English and American theories as to the causes of the modern phenomena of unemploy-

ment and as to the methods by which unemployment can be prevented or relieved. Facts have been touched upon only where they have a bearing upon either of these two subjects.

It is only recently that this subject has attracted attention in the United States and opinion is largely influenced by continental thought and especially by that of England, where scientific method has been most effectively applied to the study of this problem.



NEW YORK AS AN EIGHTEENTH CENTURY MUNICIPALITY. 1653-1776. By A. E. Peterson and G. W. Edwards. Longmans, N. Y. Price, \$5.00.

A very comprehensive and scholarly account of the growth and development of the New York City of 1776 from the quaint New Amsterdam of the seventeenth century.

The narrative is highly interesting and portrays clearly the political aspects of the times. Tells of the regulations made for finance, trades and industries, for lands and streets, how the ferries and docks were managed, how the fire department developed, and how charities and corrections were taken care of.



ADVERTISING. By E. H. Kastor. La Salle Extension University, Chicago.

The knowledge formulated in these pages has been gathered and verified by observation and practical experience.

The many phases of the subject are set forth simply, clearly and for the purpose of presenting every-day problems to the student of advertising.



New Faces for Old

JUST behind the far-flung battle lines in France—stretching far rearward to Brittany and southward to the sunny south—American Red Cross hospitals and convalescent homes dot the French map. They shift daily, sometimes in an hour, as the swing of war sends the Allies forward toward the Rhine. Base hospitals in and about Paris accommodate more than 7,000. Evacuation and front line hospitals can care for all the thousands the god of war may throw in to them. Dispensaries, diet kitchens and infirmaries run by the Red Cross are located all over France. It is part of the Red Cross service for humanity. Convalescent houses are located at Biarritz, Cannes, Beycheville, Saint-Cloud, Morgat, Le Croisie, Issoudun and Chateau-Thierry.

But humanitarian as all this is, there is another phase of Red Cross work, fully as interesting and in a way more vital to the future. The man who loses a leg or an arm, or even his sight, may go about in comparative happiness and content. But the man whose lower jaw is shot away—whose face is so disfigured that his fellow beings turn away in horror tinged with pity—that is the man for whom the Red Cross, aided by a noble woman, is doing the best work of all. It is literally a case of new faces for old.

Supreme art, mechanical genius and \$20 supplied by the American people and spent by the Red Cross furnish the new face. It sounds simple—and it is, but its consequences are wonderful beyond words—which only those who have seen the mutilated before and after wearing these masks can understand.

To begin at the beginning, an English sculptor, Captain Derwent Wood, conceived the idea of replacing non-existing tissue and missing parts with masks, to resemble the victim of war as he appeared before being wounded.

The work was perfected by Mrs. Maynard Ladd, another sculptor, who is devoting all her time in Paris to refacing mutiles, as the French call them.

The method is also simple. When the mutile is nursed back to health and his wounds are thoroughly healed and the tissue and muscle has finished contracting, he goes to Mrs. Ladd's studio,



Masks for mutilated faces, Mrs. Ladd putting on the finishing touches

where she takes a plaster cast of the mutilated features. Then she takes a photograph of her subject as he appeared before mutilation. From this she shapes a mask to fit the mutilated face, taken in replica in plaster.

Then a very thin mask of copper, plated with silver is made. If eyebrows are missing, they are inserted in the mask; if a mustache adorned the original face, a mustache is added. Some-

times the eyelids have been destroyed, artificial eyes, with openings in them, for the pupils of the wearer, are made.



When looking close this man's mask is visible, but he can walk in the streets unnoticed. The medals are: left "medaille militaire," right "croix de guerre"

Every conceivable mutilation of the face has been successfully handled.

When the mask is complete, the mutile goes for a fitting. The mask is held in place by "fake eyeglasses," by a wig—in a manner not easily discernible. The mask is fitted and then the artist comes into action. Mrs. Ladd paints the mask the exact color of the mutile's face. The illusion is perfect. The man, no longer a mutile, can smoke and talk. He is a human being again—he no longer fears to walk the streets. People no longer gaze on him in pity, scarcely disguising horror and aversion. The transformation is complete—at a cost of \$20 and the art and devotion of a woman.

The Red Cross has much other work to do in the service of humanity. By the end of this year it will have spent more than \$71,000,000 in France and \$20,000,000 in Italy. To continue this work for humanity—this service for all peoples in all climes—the Red Cross must have the united support of the American people. With this end in view it will hold the second annual Christmas roll call during the week of December 16 to 23, when it is hoped last year's record of 22,000,000 adults and 8,000,000 children who appended their signatures to the nation-wide pledge to sustain the flag will be broken.



A Good Bird Story

WERE the following sent by any less veracious a person than Joseph G. Brown, president of the Citizens National Bank and the Raleigh Savings Bank and Trust Company, it would have to be placed in the same category as fish stories. Listen to it!

One mother bird in Baltimore, in building a nest for her young, sought some means by which she could impress them in the very beginning with the necessity for providing for the future. After due consideration, she reached the same conclusion that wise and fru-

gal parents have so often reached, that they should have a bank account, this being the easiest and simplest way to impress the lesson of economy.

This point being determined, it was but natural that the faithful mother bird should select a safe and conservative bank and as, in her various migrations, she had probably visited the city of Raleigh, N. C., it is not to be wondered at that she chose the Raleigh Savings Bank and Trust Company as the one safe bank for her offspring. So she procured a check on that bank and

deftly wove it into the construction of her nest, leaving the name of the bank exposed, so that the little bird eyes when first opened to the light would see before them the name of the Raleigh Savings Bank and Trust Company and their first thoughts be turned to saving.

This is not fiction. The singular sequel to the story runs thus:

Little James Poyner of Baltimore is a nephew of Mr. Chas. Root, cashier of the Raleigh Savings Bank and Trust Company. With his mother James was walking in one of the Baltimore parks recently when he found a bird's nest on the ground. Boy like, he picked it up and almost immediately turned to his mother with the nest and said, "Look, mamma, here's a check on Uncle Charles' bank."

Mrs. Poyner of course had him to keep the nest, and when they came to Raleigh a few days ago he gave it to Mr. Root.

Some have questioned the accuracy of this story. *It is true.* The check on the Raleigh Savings Bank and Trust Company formed a part of the nest of a Baltimore bird.

The singular thing is, not that the bird selected the Raleigh Savings Bank and Trust Company in building a nest for its offspring, but that the nephew of the cashier of that bank, living three hundred miles away in Baltimore, should be the one to find it.

However, nothing should surprise us in these strenuous war times.



Chorus of the National Bank of the Republic, Chicago. A unique feature designed as a part of the new get-together spirit in the banks of the country

G. Y. Clement Resigns as Chief of Staff of the Collins Organization

FOR many years Mr. G. Y. Clement has been considered one of the foremost exponents of advanced bank advertising methods. Back in 1909 his attention was drawn to the needs of specialized knowledge in financial publicity. With his broad experience in the selling of merchandise and advertising plans, he brought to the problems involved much that was at that time required to place banking publicity on a higher and more practical plane.

In 1912, after having spent several years in Chicago as the executive head of the National Clement System, he resigned to accept the proposal made by the A. M. Collins Mfg. Co. of Philadelphia to organize a staff of publicity experts exclusively devoted to business building for financial institutions.

Within a year hundreds of banks located in every part of the United States were using the advanced ideas in advertising formulated by Mr. Clement. Today they number thousands.

This is another illustration that the most profitable advertising to use in order to build permanent bank business is the kind that is constructed not with novelty as its main basis but knowledge of fundamentals in advertising.

During his incumbency as Chief-of-Staff of the Collins Organization Mr. Clement has developed many friend-



G. Y. CLEMENT

ships in the banking world, and as he diverts his exceptional ability into more intensive attention to a few of the larger banks exclusively he takes with him the best wishes of a host of admirers and friends.



American Red Cross is a Generous Banker

MONEY was loaned by a field director of the American Red Cross to a young officer to purchase his needed equipment, as it was utterly impossible for him to get his commission until he had supplied himself with his uniform. He left the camp then, but the field director later received the following letter from him:

"Enclosed find the amount of fifty dollars which I borrowed from you on September twenty-fourth; at the time I bought the order I forgot to put on any interest so will put in a one dollar bill. If you charge any more, write me and I will gladly send it.

"I can never express my appreciation to you and the Red Cross, but if there

is anything I can ever do, I would sure like to know it, for your favor to me has been great and at a time when I was in need. I never hated to do anything more than I did to ask you, but could not do otherwise. Will tell you this: will never be caught in such a fix any more."

This heartfelt expression of appreciation met its response in the heart of the field director, who replied as follows:

"Your post office money order for fifty dollars in payment of this loan has been received, as well as

the dollar which you speak of as interest. As an agency of the American people in the winning of the war, it is the desire of the Red Cross to help the men of the army in every way possible. Our help, however, is a pure beneficence and we could not think of accepting interest on any money loaned.

"I am therefore returning to you your dollar. If you wish to contribute to the Red Cross fund for giving service, you might turn it over to the field director of the Red Cross at Camp Wadsworth, as a donation."

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

Watch for New Names and Other Changes

A

Adams, F. R., Will County National Bank, Joliet, Ill.
American National Bank, Pendleton, Oregon.
American Savings Bank, Springfield, Mo.
Ansley, D., c/o Central Trust Co., San Antonio, Tex.
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, Ray E., manager new business department, National City Bank, Chicago, Ill.
Baugher, E. M., president, The Home Building Association Co., Newark, O.
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.
Brooke, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

C

Conhaim, Herbert J., publicity manager, Fort Dearborn National Bank, Chicago, Ill.

Cox, Ray, cashier, American Savings Bank, Springfield, Mo.
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.
Ekirch, A. A., secretary, North Side Savings Bank, New York City.
Ellsworth, F. W., vice-president, Hibernia Bank & Trust Co., New Orleans, La.

F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.

Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.
 Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.
 Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.
 Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.
 Holdam, J. V., advertising manager, Chattanooga Savings Bank, Chattanooga, Tenn.

I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.
 Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.
 Johnson, E. W., Warren National Bank, Warren, Pa.

K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.
 Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.
 Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

L

Lanier, B. W., 237 East Ashley Street, Jacksonville, Fla.
 Langg, Edgar R., advertising manager, Hibernia Bank and Trust Company, New Orleans, La.
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.
 McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

N

Nye, Frank T., cashier, First National Bank, Northboro, Iowa.

O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

P

Pierce, Matthew G., publicity manager, Harris Trust and Savings Bank, Chicago, Ill.
 Poole, John, president, Federal National Bank, Washington, D. C.
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

R

Raven, F. J., American Oriental Banking Corporation, Shanghai, China.
 Powell, V. M., cashier, Home Savings Bank, Brooklyn, N. Y.
 Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.
 Shepherd, George W., c/o International Trust Co., Boston, Mass.
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.
 Staker, F. M., manager, safe deposit department, Commerce Trust Co., Kansas City, Mo.
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.
 Stewart, F. E., 1505 Jefferson St., Toledo, O.
 Stoner, T. E., cashier, The Peoples National Bank, Waynesboro, Pa.
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

W

Wadden, John W., president Lake County Bank, Madison, S. D.
 Wilkes, W. H., assistant to the president, National Bank of Commerce, St. Louis, Mo.
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Banking and Financial Notes

SPECIAL

The BANKERS
MAGAZINE

SECTION



UNION COMMERCE *National Bank* OF CLEVELAND

Capital
\$4,000,000

Surplus and Profits
\$3,308,246

Total Resources
\$72,775,103

These items indicate the financial strength of this bank and its ability to meet the requirements of large business transactions.

In the departments of the bank and its official organization are supplied all the essentials of complete banking service.

Letters of credit and acceptances offer to our customers excellent facilities for foreign as well as domestic trade.

***"Expedition Service now—
Long Experience taught Us How"***

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON,	President	HARRY E. HILLS,	Asst. Cashier
GEORGE S. RUSSELL,	Vice-President	CARL R. LEE,	Asst. Cashier
WILLIAM E. WARD,	Vice-President	FRANK A. WHITE,	Asst. Cashier
ELMER E. CRESWELL,	Vice-President	FRED. W. COOK,	Asst. Cashier
WILLIAM C. CAINE,	Vice-President	GEORGE Q. HALL,	Asst. Cashier
WALTER C. SAUNDERS,	Cashier	EZRA W. BOURNE,	Asst. Cashier

Banking and Financial Notes

ITALIAN DISCOUNT AND TRUST COMPANY

On November 11 the Italian Discount and Trust Company of New York, which was organized under the auspices of the Guaranty Trust Company of New York, began business with a capital of \$500,000 and a surplus of \$250,000. It is located at 399 Broadway, at the corner of Walker Street. A general banking and trust company business will be transacted, with special attention given to Italian export and import trade.

The company is incorporated under the laws of New York. George P. Kennedy, formerly assistant treasurer of the Guaranty Trust Company of

New York, is president of the bank, and G. Biasutti, manager of the Florence branch of the Banca Italiano di Sconto, is vice-president. Among the directors are Alexander J. Hemphill, Eugene W. Stetson, Harry Lawton and Theodore Rousseau of the Guaranty Trust Company; Comm. Angelo Pogliani, managing director of the Banco Italiano di Sconto; Emanuel Gorli, Judge John J. Freschi, Mr. Kennedy and Mr. Biasutti.

The Banca Italiani di Sconto, with which the Italian Discount and Trust Company is affiliated, is among the leading banks of Italy, having seventy branches in that country. Guglielmo Marconi, inventor of wireless telegraphy, is chairman of its board of directors.

NEW DIRECTOR OF METROPOLITAN TRUST COMPANY

Cornelius A. Pugsley, President of the Westchester County National Bank of Peekskill, N. Y., has been elected a director of the Metropolitan Trust Company, New York. As a representative from the Westchester County District he took a prominent part in Congress in enacting financial legislation. In 1912 Mr. Pugsley served as President of the New York State Bankers Association and presided at the celebration of 100 years of peace, which was commemorated at the memorable banquet held at Ottawa, Canada.

RESERVE BANK DIRECTORS

The member banks of the Federal Reserve Bank of New York have made the following nominations: To represent the stockholding banks of Group 3 as Class A directors the nominees are William S. Gavitt, president Gavitt National Bank, Lyons, N. Y.; Robert J. Gross, president Merchants National Bank, Dunkirk, N. Y.; and Charles



The Branch
Our first President

Merchants National Bank

RICHMOND, VA.

Capital \$400,000
Surplus and Profits over 1,500,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

A Bank's Greatest Asset

cannot be expressed in figures, but lies in its history of service and sound business principles.

On its enviable record through ninety-five years of unflinching usefulness, this bank solicits your account—offering the same conservative yet liberal treatment that has always marked its policy.

The Chemical National Bank of New York

(Founded 1824)

Smith, president Citizens National Bank, Oneonta, N. Y.

Candidates for Class B directors, to represent commerce, agriculture and industry, are George Alfred Cluett, vice-president Cluett, Peabody & Co., Troy, N. Y.; Manton B. Metcalf of Metcalf Bros. & Co., of 45 East Seventh Street, New York, and Leslie R. Palmer, an attorney of Croton-on-Hudson, N. Y., and president of several New York estate corporations.

FOREIGN TRADE SERVICE IN CHARGE OF
ALLEN WALKER

The Guaranty Trust Company of New York has secured the services of Allen Walker as manager of its foreign trade service. Mr. Walker has been the New York manager of the United States Chamber of Commerce since its organization in 1913. Prior to joining the United States Chamber of Commerce he studied commercial organization work in Europe and he has traveled extensively and made close studies of

market conditions in other parts of the world. He has been responsible for the organization of many industrial and commercial groups which have been brought into contact with various governmental departments through war service committees. He has had charge of the administration of the agreement between the United States and Argentina which the international high commission established for the settlement of commercial disputes by arbitration, and has acted as arbiter in many cases of disagreement, due to transportation and embargo difficulties arising out of the war, between domestic and foreign business houses.

LUTHER L. KOUNTZE TAKES UP RED
CROSS WORK

The youngest of the four Kountze Brothers, Luther L. Kountze, has severed active connection with the First National Bank of Omaha, in order that he may devote more of his time with Red Cross work. His wife is head of

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$700,000

OFFICERS

JULIAN P. FAIRCHILD,	} Vice-Presidents	JULIAN D. FAIRCHILD, <i>President</i>
D. W. McWILLIAMS,		THOMAS BLAKE, <i>Secretary</i>
WILLIAM J. WASON, JR.,		HOWARD D. JOOST, <i>Assistant Secretary</i>
		J. NORMAN CARPENTER, <i>Trust Officer</i>
		GEORGE V. BROWER, <i>Counsel</i>

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

the Red Cross canteen service, with over 200 members at Omaha posts and railway stations. Their son, Harkness Kountze, is training for Red Cross ambulance driving. Mr. Kountze still retains his interests in the bank, and also the positions as vice-president and director.

BANK OF MONTREAL BRANCH IN PARIS

After the war expansion made it necessary for the Bank of Montreal, with New York offices at 64 Wall Street, to open a branch office in Paris. The movement was made, it is reported, to give special service to Canadian and British soldiers who will spend some time in France and Germany after the articles of peace have been definitely signed, in the work of policing the occupied territories during the reconstruction period. The president of the Bank of Montreal, Sir Vincent Meredith, Bart., caused the decision to be made to establish the branch, and it was acted upon unanimously by the board of directors. At the same time it was decided to place the stock of the bank on a straight twelve per cent. basis without bonus, instead of the old method of ten per cent. paid quarterly, with the bonus two per cent. semi-annually. While the dividends to all intents and purposes will remain the same, the payments are to be placed on a straight percentage basis.

MR. MARSLAND WORTHILY PROMOTED

Horace A. Marsland, who has been identified with the advertising and

publicity department of the Irving National Bank of New York for several years, has been promoted to the posi-



HORACE A. MARSLAND

Recently appointed Assistant Cashier Irving National Bank, New York

tion of assistant cashier. Mr. Marsland was born in Brooklyn in 1883, and began his banking experience in 1900 in the service of the New York National Exchange Bank, whose interests are now represented by the Irving

"The Bank That Service Built"

THE

SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	\$1,000,000
Surplus and Profits (Earned)	3,598,000
Deposits	60,453,000

S. G. BAYNE, President	
C. C. THOMPSON, Vice-President B. L. GILL, Vice-President W. K. CLEVERLEY, Vice-President L. N. DeVAUSNEY, Vice-President H. W. DONOVAN, Cashier	O. M. JEFFERDS, Asst. Cashier C. C. FISHER, Asst. Cashier J. D. SMITH, Asst. Cashier B. I. DADSON, Asst. Cashier J. E. OBR, Asst. Cashier

DIRECTORS		
SAMUEL G. BAYNE WILLIAM K. CLEVERLEY EDWARD J. CORNISH MICHAEL J. DEGNON	HENRY C. FOLGER BENNETT L. GILL EDW. H. R. GREEN PETER McDONNELL	JOSEPH SEEP CHARLES C. THOMPSON DAVID H. E. JONES

The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all

ACCOUNTS INVITED

National. In his work in the advertising department of the Irving Mr. Marsland made many friends, all of whom join in congratulating him upon his advancement.

**MAJOR COMLY BACK TO CITIZENS
NATIONAL**

The Citizens National Bank has restored Major Garrard Comly to his old position of vice-president, he having resigned his office in the army. Major Comly was a member of the General Staff and returned from France in November.

GOING FARTHER INTO SOUTH AMERICA

Three additional branches will be opened in South America by the National City Bank. Two of these branches will be in Argentina. One will be at Rosario, the important city of Argentina situated on the River Parma north of Buenos Aires, and second in importance only to Buenos Aires as a port of

the country. Rosario is an important live center of distribution of merchandise. Its exports in 1913 (the latest normal year of commerce) amounted to a total of nearly \$90,000,000, compared with \$170,000,000 exported through Buenos Aires. Rosario exports heavily of Argentine grain, shipping 2,318,433 tons of wheat, corn and linseed in 1913; compared with 2,839,433 tons for Buenos Aires. It imported \$37,000,000 worth of general merchandise in 1913, as compared with something over \$300,000,000 that came through Buenos Aires.

The other branch to be established in Argentina will be technically a sub-branch of the Buenos Aires branch, but will be completely equipped for full banking service. It is located in the Once section of the city of Buenos Aires. This is the heavy wholesale merchandising and manufacturing section of the city, which has 1,600,000 inhabitants, as distinguished from the financial district where the head banking house for Buenos Aires (the pioneer



100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN
President

FRANK J. HEANEY
Vice President
WILLIAM H. STRAWN
Vice-President
NORBORNE P. GATLING
Vice-President
H. A. CLINKUNBROOMER
Vice-President
MAX MARKELL
Vice-President
WALLACE T. PERKINS
Vice-President
HENRY L. CADMUS
Asst. Cashier
HENRY C. HOOLEY
Asst. Cashier
JOSEPH BROWN
Asst. Cashier

RICHARD H. HIGGINS
Vice-President
BERT L. HASKINS
Vice-Pres. and Cashier
C. STANLEY MITCHELL
Vice-President
ROLFE E. BOLLING
Vice-President
GEORGE R. BAKER
Vice-President
JOHN B. FORSYTH
Vice-President
WALTER B. BOICE
Asst. Cashier
VINTON M. NORRIS
Asst. Cashier
HARVEY H. ROBERTSON
Asst. Cashier

GEORGE M. HARD
Chairman

ACCOUNTS INVITED
RESOURCES 100 MILLION DOLLARS

of foreign branches of national banks of the United States) is situated. For many months it has been felt that a banking house in the Once section of the metropolis of the Southern Hemisphere would be a means of additional service to the business interests of the city, and a means of handling the transactions involved in the heavier movement of commodities with better results.

The third banking house to be opened at once will be at Santiago, Chile, where there has been an office for several months through which business was done by the Valparaiso banking house. A complete bank has been found necessary because of the growth of the business.

In regard to the Buenos Aires branch, it may be of interest to state that after its establishment, in November, 1914, in the Bolsa (Bourse) Building, it was compelled to seek larger quarters in 1914 at 84 San Martin, where its present banking house is. The deposits of this banking house, as recently cabled, were equivalent to \$33,000,000.

NATIONAL BANK OF COMMERCE APPOINTS
NEW OFFICERS

The appointment of two new assistant cashiers is announced by the National Bank of Commerce in New York.

One appointment comes as a promotion for Don L. Moore, manager of the bond department of the bank, while the other, that of E. W. McDonald, represents the addition of a man of special experience in the steel trade to the bank's forces.

Mr. Moore is a specialist in bonds. He joined the National Bank of Commerce in July of this year. Previous to that he was a member of the bond house of Kelley & Moore.

Mr. McDonald was assistant to the president of the Truscon Steel Company, Youngstown, Ohio. He has served with that company in various responsible capacities since 1906.

IT IS NOW "CAPTAIN MEADE"

James F. Meade, cashier of the National City Bank of Kansas City, has entered the quartermaster's department at Washington with the commission of captain.

GEORGE F. BAKER, JR., A PRIVATE

George F. Baker, Jr., vice-president of the First National Bank of New York, recently enlisted as a private in the army. To commemorate the patriotic event he gave a farewell dinner to a number of friends at the Savoy, which was followed by a theatre party.

Atlantic National Bank

257 Broadway New York

Established 1829

Nationalized 1865

An Efficient Banking Service in
Close Touch with Present-day
Commercial Developments



Capital, Surplus and Undivided Profits	.	.	.	\$1,800,000
Total Deposits	.	.	.	\$18,000,000

The genuine patriotism of such a course as Mr. Baker has adopted is easy to see, in the light of his high standing in the banking and business world.

MR. BRADLEY GOES TO WEST VIRGINIA

The manager of the bond department of the Guaranty Trust Company of New York, William C. Bradley, has resigned that position to accept an appointment as director and treasurer of the Rollin Chemical Company, Inc., of Charleston, West Virginia.

MR. WILSON OF DETROIT COMES TO THE IRVING

The announcement is made that the board of directors of the Irving National Bank of New York have appointed William R. Wilson of Detroit, Michigan, as a vice-president from December 1, 1918. Mr. Wilson has for the last five years been associated with Dodge Brothers of Detroit, in the organization and expansion of their un-

usual institution. His experience in this association, together with a broad previous experience in other industries, qualifies him as a valuable addition to the official staff of the Irving National Bank, which is strictly a commercial institution.

J. A. GRISWOLD PROMOTED

J. A. Griswold, manager of the Madison Avenue Office of the Guaranty Trust Company of New York, was appointed an assistant secretary of the company at a meeting of the executive committee held October 14.

"TRUST COMPANIES OF THE UNITED STATES"

"Trust Companies of the United States" is the title of a book issued annually by the United States Mortgage and Trust Company, the sixteenth number (1918) of which is just out and is being distributed. It is made up of information and statistics concerning the

trust companies of the United States, which are quite illuminating. The figures show total resources of trust companies of the United States to be \$9,380,886,000, a gain of \$422,374,000 over last year. The book contains the statements of over 2,100 trust companies, and in addition lists of officers and directors, stock quotations, dividend rates, etc.

NATIONAL CITY COMPANY SALES MANAGERS MEET

District sales managers of the National City Company of New York in charge of the thirty-one correspondent offices of the company, met recently at

At the close of the convention announcement was made that A. A. Custard of Philadelphia, B. H. White of Boston and E. E. Allen of Washington, formerly district sales managers, had been promoted to be assistant vice-presidents. At the same time announcement of the opening of two district sales offices at Indianapolis, Indiana, and Hartford, Connecticut, was made. Burton Haines heads the new office at Indianapolis, and K. G. Herold the one at Hartford. The principal addresses at the dinner were delivered by Frank A. Vanderlip, president of the National City Bank of New York; Charles A. Stone, president of the International Corporation, and H. C.



District Sales Managers of the National City Company of New York

the home office, 55 Wall Street, in annual fall convention. Representatives were present from New Orleans and San Francisco. Three busy days were spent discussing investment problems raised by the war and in making plans for the further extension of the company's already widespread activities. The visiting delegates were housed at the Hotel Biltmore, where a dinner was given as a concluding function of the convention. Plans were disclosed for extending the business of the National City Company into foreign fields. Arrangements have already been perfected to open an office in Japan, and the restoration of peace will be followed by the establishment of several new offices in Europe.

Schwedtmann, vice-president of the National City Bank.

"WHEN PRICES DROP"

A sharp drop in prices and wages, without a business crisis resulting, is predicted in an article, "When Prices Drop," published by the National Bank of Commerce in New York, and written by B. M. Anderson, Jr., nationally known as an economist and writer on commercial subjects. The article also discusses the necessary re-adjustments in American commercial policies to enable this country to play its full part in the era of reconstruction following peace. In the foreword James S. Alexander, president of the National Bank

American Foreign Banking Corporation

56 WALL STREET, NEW YORK

Capital, \$3,200,000

Surplus, \$1,152,000

Organized pursuant to the Federal Reserve Act authorizing national banks to own stock in a bank engaged in international banking and operating under the control of the Federal Reserve Board.

ARCHIBALD KAINS, *President*

HAYDEN B. HARRIS, *Vice-Pres.* A. G. FLETCHER, *Asst. to Pres.*

T. FRED ASPDEN, *Vice-Pres.* C. A. MACKENZIE, *Secy.-Treas.*

BOARD OF DIRECTORS

ALBERT H. WIGGIN, *Chairman*

Chairman, Board of Directors, Chase National Bank, New York

T. FRED ASPDEN, *Vice-President.*

GERHARD M. DAHL, *Vice-President, Chase National Bank, New York.*

NORMAN H. DAVIS, *President, Trust Company of Cuba, Havana.*

C. H. EASSON, *General Manager, Standard Bank of Canada, Toronto.*

CHARLES L. FARRELL, *President, National Newark & Essex Banking Co., Newark, N. J.*

ERNEST A. HAMILL, *President, Corn Exchange National Bank, Chicago, Ill.*

HAYDEN B. HARRIS, *Vice-President.*

CHARLES A. HINSCH, *President, Fifth-Third National Bank, Cincinnati, Ohio.*

W. R. IRBY, *President, Canal Bank & Trust Co., New Orleans, La.*

C. T. JAFFRAY, *President, First and Security National Bank, Minneapolis, Minn.*

ARCHIBALD KAINS, *President.*

JOHN G. LONSDALE, *President, National Bank of Commerce, St. Louis, Mo.*

HARRISON NESBIT, *President, Bank of Pittsburgh, N. A., Pittsburgh, Pa.*

GEORGE H. PRINCE, *Chairman Board of Directors, Merchants National Bank, St. Paul, Minn.*

HARRY T. RAMSDALL, *President, Manufacturers & Traders National Bank, Buffalo, N. Y.*

ALFRED L. RIPLEY, *President, Merchants National Bank, Boston, Mass.*

LEVI L. RUE, *President, Philadelphia National Bank, Philadelphia, Pa.*

JOHN SHERWIN, *President, First National Bank, Cleveland, Ohio.*

JOHN W. STALEY, *Vice-President, The People's State Bank, Detroit, Mich.*

EUGENE V. R. THAYER, *President, Chase National Bank, New York.*

FRED VOGEL, JR., *President, First National Bank, Milwaukee, Wis.*

HENRY B. WILCOX, *Vice-President, Merchants-Mechanics First National Bank, Baltimore, Md.*

Every description of international banking business transacted.

Acceptances given against shipments of merchandise.

Bills of exchange negotiated and collected.

Correspondents in all parts of the World.

Drafts and letters of credit issued.

Imports and exports financed.

Interest allowed on balances.

BRANCHES

Panama City, Republic of Panama

Port au Prince, Haiti

Cristobal, Canal Zone

Citizens Commercial Trust Company

BUFFALO, N. Y.

Growth in Deposits — Two Years

September 20th, 1916.....	\$7,484,024.47
September 8th, 1917.....	14,804,336.56
November 1st, 1918.....	20,375,848.68

Officers

MAIN OFFICE

JOSEPH BLOCK, Chairman of the Board
 WILLIAM H. CROSBY, President
 WILLIAM H. ANDREWS, Vice-President
 NORMAN A. MACDONALD, Vice-President
 ROY H. GRIFFIN, Vice-President
 SYDNOR J. TUCKER, Vice-President
 WILLIAM F. CHASE, Treasurer
 ROBERT W. MORRIS, Secretary
 BERNARD M. NORCROSS, Asst. Secretary
 IRA D. LOCKWOOD, Assistant Secretary
 GORDON B. CLEVERSLEY, Asst. Secretary
 ANTHONY J. KUHN, Auditor

DEPARTMENT OF BANKS AND BANKERS

WILLIAM H. HURLEY, Vice-President

WILLIAM STREET BRANCH

LEO B. SEITZ, Assistant Secretary

BLACK ROCK BRANCH

HARRY G. HOFFMAN, Asst. Secretary

R. W. H. CAMPBELL, Assistant Secretary

WEST SIDE BRANCH

MILES E. FREEMAN, Manager

Capital and Surplus . . . \$2,500,000.00

MEMBER FEDERAL RESERVE SYSTEM

of Commerce in New York, calls for public planning to meet present problems of commerce.

CENTRAL UNION TRUST JOINS MERCANTILE BANK OF THE AMERICAS

The Central Union Trust Company of New York has joined the group of banks and bankers which owns the Mercantile Bank of the Americas. This group now includes Brown Brothers & Company, J. & W. Seligman & Company, the Guaranty Trust Company of New York, the National Shawmut Bank of Boston, the Anglo and London-Paris National Bank of San Francisco, and the Hibernian Bank and Trust Company of New Orleans. At a recent meeting, Mr. James N. Wallace, president of the Central Union Trust Company of New York, was elected a member of the board of directors of the Mercantile Bank of the Americas. The capital and surplus of the bank has been increased to \$4,900,000.

BANK OF NOVA SCOTIA NEW YORK AGENCY

The street address of the New York agency of the Bank of Nova Scotia is 52 Wall Street. The bank has had an agency here a good many years, under the management of H. F. Patterson, agent, and F. W. Murray, assistant agent. The London correspondents of the bank have been changed to the London Joint City and Midland Bank, Limited.

COMPUTING LIBERTY BOND COUPONS

A rather useful device for computing total amounts of Liberty Bond coupons, to aid those who handle them in large quantities, has been arranged and issued by the National Bank of Commerce in New York in the form of a set of tables, which shows the totals almost at a glance. It is called the "Liberty Bond Coupon Multiplier," and is applicable to coupons from all Liberty Bond denominations and issues, both original and converted, including

the Fourth Loan. The basis of computation is the cash value which coupons from Liberty Bonds bear on their face, ranging from 74 cents through various odd amounts up to \$212.50 per coupon. There are, in all, Liberty Bond coupons of thirty-three different cash values. Multiples of cash values are indicated in the tables in amounts from one to 100. These multiple amounts are set down in vertical columns with the coupon value indicated at the top.

Thus, for seventy-four cent coupons, the total for two coupons is indicated to be \$1.48; for three, \$2.22; for four, \$2.96, and so on. The columns, for convenience, are arranged in groups of four, with index columns for each group indicating the multiples in red. The tables are expected to be particularly useful to banks, trustees and others called upon to exchange Liberty Bond coupons and cash.

MORE PROMOTIONS AT THE GUARANTY TRUST

At a recent meeting of the executive committee of the Guaranty Trust Company, New York, the following appointments were made: Rowland B. Randolph, trust officer; St. George Brooke Tucker, assistant treasurer; Austin L. Babcock and Albert Hopkins, assistant secretaries.

Mr. Randolph entered the employ of the company fourteen years ago as a messenger, and worked his way through the various grades of promotion until March, 1916, when he was made chief clerk. The following August he became an assistant secretary, and several months later entered the foreign department, where he reorganized the clerical staff. In January, 1918, he became the associate of Mr. Ellsworth in the new business department, and since Mr. Ellsworth's resignation has been the administrative officer in charge.

Mr. Tucker is well known throughout the South. He was born in Dallas, Tex., in 1875. He began his business career in the fire insurance business,

Resources

\$16,000,000.00

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Try our Service

and you will be entirely satisfied

A. D. BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
HOWARD BISSELL, Cashier
C. G. FEIL, Asst. Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier

INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

JOSHUA M. ADDEMAN	Vice-President	HENRY B. CONGDON	Secretary
JAMES M. SCOTT	Vice-President	J. CUNLIFFE BULLOCK	Trust Officer
SAMUEL M. NICHOLSON	Vice-President	ELMER F. SEABURY	Assistant Treasurer
FLORRIMON M. HOWE	Vice-President	HARRY C. OWEN	Assistant Secretary
WARD E. SMITH	Treasurer	HENRY C. JACKSON	Assistant Secretary
ELLERY HOLBROOK, Assistant Secretary			

in which he was successful. In 1904 he entered the employ of the New York Trust Company, where he remained seven years, when he became a bond salesman. In 1914 he was appointed secretary to the board of assessors by the late Mayor Mitchel, and two years later was made commissioner of the board. He entered the new business department of the Guaranty Trust Company in December, 1917, and for a time was head of the city division.

Mr. Babcock was born in Oneida County, New York, in 1881, and graduated from the Colgate University in 1903. He was engaged in the bond business and real estate business until January, 1918, when he entered the new business department of the Guaranty Trust Company. Since last July he was in charge of the city division of the new business department. He will now be the administrative officer in charge of the entire department.

Mr. Hopkins was born in Westfield, Mass., in 1878, and was graduated in 1900 from Williams College, of which his father, the Rev. Henry Hopkins, was president from 1901 to 1909. Before entering the new business department of the Guaranty Trust Company, in September, 1917, he was with R. L. Day & Co., H. L. Horton & Co., and the Industrial Finance Corporation, for which latter concern he organized Morris plan banks in various parts of the country. When the service check was devised for the benefit of members of the American Expeditionary Force,

Mr. Hopkins organized agencies for the Guaranty Trust Company at various embarkation camps. He has been for some time in the overseas service division of the company.

The Guaranty Trust also has appointed Clinton T. Miller assistant comptroller and Willis C. Bright auditor. Mr. Miller was born in New York City in 1885. After leaving school he entered the employ of Hawser & Ludlow, grain brokers, as office boy and junior bookkeeper, remaining there until 1901, when he entered the service of the Mutual Reserve Life Insurance Company, and remained there in various capacities for five years. In 1906 he entered the employ of the American Real Estate Company as bookkeeper and served successively as assistant manager in charge of rental and sales department accounts, assistant auditor, auditor, and assistant treasurer. He became connected with the Guaranty Trust Company this year.

Mr. Bright was born in Tennessee in 1883. After graduating from the University of Chattanooga in 1904, he took special courses in law and general sciences. He then entered the financial department of the Volunteer State Life Insurance Company, becoming assistant comptroller and comptroller and a member of the finance and executive committees. At the time of his joining the Guaranty Trust Company, in October, 1917, he declined an offer of the vice-presidency of an insurance com-



Home-Study Courses For Bank Employees

In speaking of the need for specialized business training as offered by LaSalle Extension University, the head of the Continental and Commercial National Bank of Chicago recently wrote the president of the university as follows:

"When a man stops learning he stops growing." You have often quoted this saying of mine, and there is no more significant message that I can offer today.

"When a man stops learning, then you have that man's exact measure. You also have the exact measure of the business problem he can handle, for no man can put into any transaction anything that he does not possess. There must be in his knowledge something that covers every element of his problem, otherwise all elements will not be solved. As a man enlarges his knowledge of business he increases his capacity to deal with its problems.

"The value of the service of LaSalle

Extension University in this connection rests upon two very simple truths. In dealing with the actual work of enlarging the equipment of business men you learn in the only practicable way exactly what their needs are. Then by turning over to the ablest specialists the task of meeting the needs thus developed, you are able to bring to your clientele in organized form the best that experience and intensive study have to offer. "It is a most important service to our business structure as a whole, and to the men who really desire to fit themselves for important parts therein."

Leo M. Reynolds

LaSalle training can be carried on by mail during your spare hours and without interference with your present duties. Membership also includes free use of the LaSalle Business Consulting Service, which places our entire staff at your command whenever you may need help or counsel on some special business problem. A small initial payment makes our complete service available to you. The LaSalle organization consists of nearly 800 people, including 300 business specialists, banking authorities, professional men, text writers, special lecture writers, instructors, and assistants. More than 20,000 members

enroll annually. One hundred forty-five thousand men and women in active business, including many corporation officials, bankers and professional men, are reaping the benefits of LaSalle training and consulting service.

MAIL THE COUPON

Simply mark with an "X" in the coupon below the training course and service in which you are interested. We will send our valuable inspirational booklet, "Ten Years' Promotion in One," together with special catalog and full particulars, all without cost to you.

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Send me free copy of book, "Ten Years' Promotion In One," also catalog and particulars regarding the training course and service in department marked with X.

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| <p><input type="checkbox"/> Banking and Finance:
Training for executive positions in Banks and Financial Institutions, Tellers, Cashiers, Trust Officers, Financial Managers, etc.</p> <p><input type="checkbox"/> Business Administration:
Training for Official, Managerial, Sales and Executive positions in Business.</p> <p><input type="checkbox"/> Business Letter-Writing:
(New Course) Training for positions as House Correspondents, Supervisors of Correspondence, Mail Sales Directors, Correspondence Critics, Letter Executives; and in the handling of all special correspondence (credits,</p> | <p>collections, sales, adjustments, etc.) in which expert letter-writing ability is required.</p> <p><input type="checkbox"/> Commercial Spanish:
Training for positions as Foreign Correspondent with Spanish-Speaking Countries.</p> <p><input type="checkbox"/> Higher Accountancy:
Training for positions as Auditors, Comptrollers, Certified Public Accountants, Cost Accountants, etc.</p> <p><input type="checkbox"/> Law:
Training for admission to bar and executive-business positions requiring legally-trained men. Degree of LL.B. conferred.</p> | <p><input type="checkbox"/> Expert Bookkeeping:
Training for position of Head Bookkeeper.</p> <p><input type="checkbox"/> Interstate Commerce and Railway Traffic:
Training for positions as Railroad and Industrial Traffic Managers, Traffic Experts, etc.</p> <p><input type="checkbox"/> Business English:
Training in the use of correct English as applied to the writing of business literature, advertisements and business letters.</p> <p><input type="checkbox"/> Effective Public Speaking:
Training in the art of forceful, effective speech — Ministers, Salesmen, Fraternal Leaders, Politicians, etc.</p> |
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Name..... Address..... Present Position.....

Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

Send for our booklet

**"The Transfer of Reserves
To Federal Reserve Banks"**

THE

Philadelphia National Bank

(ORGANIZED 1883)

pany. In May last Mr. Bright became assistant auditor of the Guaranty Trust Company.

Challen R. Parker, vice-president and cashier of the Anglo & London, Paris National Bank of San Francisco, was elected a vice-president of the Guaranty Trust Company of New York on October 17, and will have charge of the department of banks and bankers of that company.

Mr. Parker was born in Oakland, Cal., in 1880, and was graduated from the University of California, in the class of 1902, with the degree of B. S. He spent the next two years in Central and South America with an import and export house, his headquarters being in Santiago, Chile.

On Mr. Parker's return from South America he became the traveling representative in the Republic of Mexico of a wholesale grocery house in San Francisco.

In January, 1905, he entered the employ of the banking-house of N. W.

Halsey & Co., remaining in their San Francisco office for three years, and during the next two years was in charge of their Los Angeles office.

Mr. Parker entered the employ of the Anglo & London, Paris National Bank of San Francisco as assistant cashier on April 1, 1909, and organized the bank's bond department. He was made cashier of the bank in 1915, and was elected vice-president and cashier in January, 1918.

SCANDINAVIAN TRUST CO. OF NEW YORK MAKES FINE STATEMENT

For a bank which has been in existence less than a year and a half the Scandinavian Trust Company makes a splendid statement under date of November 1. It has deposits of \$27,595,288; loans and discounts of \$23,804,123, and total resources amounting to \$34,436,285. Its capital is \$1,000,000; surplus, \$1,500,000, and undivided profits, \$379,278. A creditable



EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION
NATIONAL
BANK**



PHILADELPHIA

Resources over
\$16,000,000

feature of the statement is in its showing of cash and quickly convertible assets, which amount to \$10,548,941, or thirty-nine per cent. of the total amount of deposits.

REPORT OF THE PHILADELPHIA TRUST COMPANY

The forty-ninth annual report of the Philadelphia Trust Company for the

year ending October 31, 1918, is interesting because of the scope which it covers and also because of the strength it manifests. It makes an analysis of the different departments of the bank, showing for the years 1917 and 1918 what each department had in the way of depositors and total deposits in the banking department, total number of accounts and total trust funds in the



Where Scandinavian guests are invited to transact their business when in New York, a thoughtful provision made by the Scandinavian Trust Co.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital & Surplus, \$2,500,000 Resources, \$15,235,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-Pres. CLINTON G. MORGAN, Cashier
JOSEPH W. LEFFLER, Asst. Cash. WILLIAM R. WEBB, Asst. Cash.

department of individual trust and agency accounts, the number of accounts and face value in the department of corporate trusts, and the number of boxes rented in the safe deposit vault. The deposits increased from \$19,928,033 to \$25,255,012, the trust funds grew from \$125,368,908 to \$144,735,506, and the face value of corporate trust accounts increased from \$133,307,000 to \$153,562,000. The gross income was \$1,502,025 and the net income was \$565,269. The paid capital of the company is \$1,000,000, and it has a surplus of \$4,000,000 and an undivided profit account of \$1,113,963. Two of the company's directors, Brigadier-General W. W. Atterbury and Major J. Franklin McFadden, have been absent upon government service overseas since the entry of the United States into the war.

RHODE ISLAND HOSPITAL TRUST COMPANY

The semi-annual report of the Rhode Island Hospital Trust Co., Providence,

as of October 31, 1918, shows total resources of over \$65,000,000. This company, which was one of the pioneer trust companies of the country, is one of the strongest financial institutions in New England, its capital, surplus and undivided profits exceeding \$7,000,000 and its deposits \$53,700,000.

NEW TRUST COMPANIES IN MASSACHUSETTS

Charters have been granted to two new trust companies by the Massachusetts Board of Bank Incorporation. The companies are known as the Textile Trust Company of New Bedford and the Fall River Trust Company of Fall River. These are the two enterprises that were opposed by existing banks in these cities, on the ground that there is neither local need nor local demand for them, and that the requests for charters really come from Edward T. McKnight and associates, who already have a chain of trust companies in several communities of eastern Massachusetts.

F. A. LEWIS ELECTED PRESIDENT

The Real Estate Title Insurance and Trust Company of Philadelphia has elected Francis A. Lewis to the presidency of that institution, as successor to Emil Rosenberger, who has retired. Mr. Lewis is a lawyer with a broad experience in the handling of estates and trusts and real estate. He is a director in the Philadelphia Saving Fund Society, the Philadelphia Company for Guaranteeing Mortgages, and the Philadelphia Contributorship. The Real Estate Title Insurance and Trust Company has capital and surplus to the amount of \$3,000,000.

SCRANTON BANK JOINS FEDERAL RESERVE

The American Bank of Commerce of Scranton has been admitted as a member of the Federal Reserve Bank of Philadelphia. The Scranton bank has total resources of \$780,000 and is the first state bank in Scranton to join the system. There are now twenty-two state banks and trust companies members of the Reserve Bank of this district.

A STRONG CLEVELAND INSTITUTION

The Union Commerce National Bank of Cleveland, which is affiliated with the Citizens Savings and Trust Company of Cleveland, makes a strong showing in its statement of November 1. Its deposits at that date were \$49,729,475 and its total resources amounted to \$71,068,693. Its capital stock is \$4,000,000 and it has surplus and undivided profits of \$3,698,655. The two institutions have combined resources amounting to \$135,906,150. The two banks have cash and due from banks, \$20,318,883, besides United States bonds, customers' liabilities under acceptances and other quickly convertible assets amounting to more than \$34,000,000, which added to the \$20,000,000 in cash makes an amount over fifty per cent. of the combined deposits of the two banks.

B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

UNION TRUST COMPANY
CHICAGO

*Strictly a Commercial Bank
Established 1869*

BANKS' PIG CLUBS

Two Pig Clubs organized in June of this year in Ohio were quite successful. They were organized by the Berlin Heights Banking Company, and were located at Berlin Heights and Birmingham. The banks sold pigs to club members and took their notes, payable when the pig is sold. Records were carefully kept of feed and pasture given, and when results obtained were submitted prizes were awarded successful contestants.

The nine members of the Berlin Heights Club produced in the 148 days they fed their pigs 1,725½ pounds of pork at an average cost of 6.6 cents per pound. The 17 members of the Birmingham Club produced in 127 days 2,397 pounds of pork at an average cost of 9.2 cents per pound. Two members produced their pork at less than five cents per pound.

Established
1857



60 Years of Con-
servative Banking

The
**Mechanics-American
National Bank**
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$44,922,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President
JACKSON JOHNSON . . . Vice-President
EPHRON CATLIN . . . Vice-President
JOSEPH S. CALFEE Cashier

CHARLES L. ALLEN . . . Asst. Cashier
JAMES R. LEAVELL . . . Asst. Cashier
C. H. CHASE Asst. Cashier
RICHARD L. KING . . . Asst. Cashier

CONSOLIDATION OF SYRACUSE BANKS

The directors of the First National Bank of Syracuse, New York, and the Trust and Deposit Company of Onondaga of that city, have unanimously given their approval to a plan under which the two institutions are to be consolidated and operated under the present special charter of the trust and deposit company, with membership in the Federal Reserve System.

The enlarged institution will have a capital of \$2,000,000, surplus and undivided profits of \$1,885,657 and resources of \$34,995,912. Stockholders of both institutions will be entitled under the merger to the same number of shares of the new stock they now hold. Alfred W. Hudson is president of the First National Bank, and Arthur W. Loasby is president of the Trust and Deposit Co. of Onondaga.

PEOPLES NATIONAL ON WAR FINANCE

The December letter of the Peoples National Bank of Pittsburgh touches

upon the epoch-making events of November in very interesting and philosophical form. On the question of the revision of war finance the letter says:

"Not the least outgrowth of the events of the month was the quick revision of our program for war finance. When the new Revenue Bill passed the House last summer it was predicated on estimated war requirements for the current fiscal year of \$24,000,000,000. The first act of the Secretary of the Treasury following the cessation of hostilities was a revision of this estimate downward to \$18,000,000,000, which possibly is still excessive. This was followed by a letter addressed to the Chairman of the Senate and Finance Committee recommending a revision of revenue estimates to correspond with the new budget requirements. The Bill that passed the House carried more than \$8,100,000,000. The Senate Committee had already reduced this total to about \$6,000,000,000. The effect of the new situation has been to throw



"Has He Made Good at Home?"

Every stranger seeking to establish business relations with you must show that he has made good at home; must prove that he has the confidence of those people who have known him longest and most intimately.

If this bank, in soliciting your business, comes as a stranger, we should be put to the test. Do we pass it successfully in pointing out that more than one-fourth of all the banks in our Federal Reserve District carry accounts with us?

The National Bank of Commerce

IN ST. LOUIS

Resources, over \$85,000,000.00

consideration of the Bill into the short session of Congress beginning to-day, and which will cease to exist March 4 next."

HEADS NEW BUSINESS DEPARTMENT

The St. Joseph Valley Bank of Elkhart, Ind., has established a new business department and installed H. B. Grimm as its manager. Mr. Grimm's ability was vouched for by six years' experience behind the counter and an association with Francis R. Morrison, of Cleveland, as financial advertising specialist. Aside from this work he traveled through practically every State in the Union assisting in the development of the new business plans of banks of various kinds and sizes, thus adding to his knowledge of the work of up-building financial institutions. Mr. Grimm is an enthusiastic member of the A. I. B. and the Financial Advertisers Association, and delivered a strong address at the recent meeting of the latter organization at San Francisco.



H. B. GRIMM
Manager New Business Department, St. Joseph
Valley Bank, Elkhart, Ind.



G. E. PATTERSON, Vice-President

FLORIDA NATIONAL BANK PROMOTIONS

We herewith present portraits of the four new officials of the Florida National Bank which were mentioned in the August number of **THE BANKERS MAGAZINE**. The new officers are G. E. Patterson, vice-president; N. A. Wakefield and B. S. Weathers, assistant cashiers; and G. J. Avent, vice-president, the latter being promoted from cashier.

FIRST TRUST AND SAVINGS BANK HEADED BY MELVIN A. TRAYLOR

The board of directors of the First Trust and Savings Bank of Chicago have elected Melvin A. Traylor president to succeed E. K. Boisot, who resigned on account of ill-health. Mr. Traylor also becomes vice-president of the First National Bank of Chicago and a director of both institutions. He assumed his new duties on December 31, the date Mr. Boisot's resignation becomes effective.

Mr. Traylor was born in Kentucky



B. S. WEATHERS, Assistant Cashier



N. A. WAKEFIELD, Assistant Cashier

New Officials of the Florida National Bank, Jacksonville, Florida



SERVICE TO BANKS

Three problems of the National Bank

—how we help to meet them

1 When is it advisable and profitable to increase circulation?

We are prepared to develop typical calculations showing the most *profitable* bonds to purchase to secure national bank note circulation, postal savings and public deposits.

2 How can bonds, purchased by us for circulation, reach Washington for deposit quickly and with assurance?

Free of expense, we hold ourselves responsible, upon request, for the shipment of such bonds to Washington, and for attending to the details of deposit with the Government.

3 How long will it take the Government to furnish notes to new banks taking out circulation, and when should bonds be purchased for this purpose?

A plan has been developed by which new National Banks taking out circulation are deprived for only a comparatively short time of the use of funds put into Government Bonds. Our services in this respect are available.

In writing we will be glad if you will mention this publication

The National City Company National City Bank Building, New York

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in 1878. When he was twenty years old he went to Texas, where he worked in a grocery store in the daytime and studied law at night. Soon after being admitted to the bar in 1901 he was



MELVIN A. TRAYLOR

Newly elected president, First Trust & Savings Bank, Chicago

elected city clerk of Hillsboro and subsequently assistant county attorney of Hill county, which office he held until 1905.

Mr. Traylor began his banking career as cashier of the Bank of Malone,

Tex. Two years later he was made cashier and then vice-president of the Citizens National Bank of Ballinger, Tex. In 1909, when the Citizens National Bank took over the First National Bank, Mr. Traylor became president of the consolidated institution, which was capitalized at \$200,000. In 1911 he became vice-president of the National Stock Yards National Bank of East St. Louis, where he remained three years, coming to Chicago in September, 1914, as vice-president of the Live Stock Exchange National Bank, later succeeding to the presidency.

Mr. Traylor achieved a national reputation among bankers through his successful work in placing the Treasury Certificates of Indebtedness, an entirely new and unfamiliar method of financing formulated by the Government preceding the Second Liberty Loan to raise necessary war funds. Mr. Traylor was made director of sales in the Seventh Federal Reserve District and placed approximately \$91,000,000 of these certificates principally in the larger banks of the district. Preceding the Third Loan, the Government announced a regular series of certificates and Mr. Traylor organized the district upon a county unit basis, giving the certificates of that series a wide distribution, the total subscriptions aggregating \$325,338,000 against a quota of \$314,000,000.

Anticipating the fourth loan, a series of certificates was announced of increased amount and definite regularity and all the banks in the country were

Let Us Help You

If any question or problem arises in your business in which a strong and complete St. Louis Trust Company can help you, we would like to be that Trust Company.

As a Federal Reserve Member with over \$8,000,000 Capital, Surplus and Profits and completely organized Financial, Trust, Bond, Real Estate, Safe Deposit, Savings and Farm Loan Departments, it is more than likely that we can take care of any possible requirement.

Any inquiry you send us is assured careful attention

Mississippi Valley Trust Co.

ST. LOUIS

requested to subscribe their proportionate share. A meeting of all the county directors and organizers of the Seventh Federal Reserve District was held at Chicago, June 18. At this meeting Mr. Traylor's speech aroused such enthusiasm that the audience arose and cheered and pledged itself to take its entire allotment of certificates, \$574,000,000, and at the close of the series it was found that the Seventh District's subscription reached \$663,204,000. It is safe to add that under the able leadership of Mr. Traylor the First Trust and Savings Bank may look forward to a growth and success paralleling that enjoyed under his predecessors.

INSTITUTING A NEW TRADE MARK

The Central Trust Company of Illinois, in a local advertising campaign in Chicago, at the time the Fourth Liberty Loan was being put over, said that by getting the pennies the dollars will follow. A few months before their loan campaign started, the bank inaugurated

a small campaign to push the self-recording coin metal banks, with the idea of paving the way for using these banks as an incentive to save for Liberty Bonds. This was started simultaneously with the beginning of the advertising in the large dailies and foreign language papers, and the announcement of the advantages offered by the bank to those who would come in on the arrangement. Incidental with this was the introduction of the new trade-marked name for the self-recording coin bank, which was called the "Trusty Bank." This name met with immediate popular approval, and the popularity has since increased with each day.

By emphasizing their advertisements with strong, expressive lines and sentences the Central Trust Company gave the loan campaign such additional prestige and sales possibilities as would result from the effect on its many thousand depositors, together with other thousands of people who happened to read the advertisements.

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savings bank to become chairman of the board of directors. Arthur Reynolds, recently elected president, is brother of George M. Reynolds, and both have been president of the American Bankers Association.

The other officers of the Continental Trust and Savings Bank are: John J. Abbott, D. R. Lewis and L. B. Clarke, vice-presidents; Henry C. Olcott, vice-president and manager bond department; Charles C. Willson, cashier; William P. Kopf, secretary; Everett R. McFadden, assistant secretary; Edmund J. Claussen, assistant secretary; John P. V. Murphy, manager savings department; D. Edward Jones, assistant manager savings department; Robert J. Hercock, Albert S. Martin and George Allen, assistant cashiers.

MR. CHANDLER BECOMES TREASURER

Warren M. Chandler, assistant cashier of the National Bank of Commerce of St. Louis, has been elected treasurer of the St. Louis Chamber of Commerce,

JARNIGAN'S BANK MAKES SUBSTANTIAL GROWTH

The Central Manufacturing District Bank of Chicago, of which W. N. Jarnigan is president, makes a good showing in statement of November 2. In the two years ending November 2 its deposits grew from \$1,860,045 to \$4,389,856. Incidentally it may be stated that in the last Liberty Loan campaign the bank handled 5,301 subscriptions, totaling \$1,352,350.

CONTINENTAL AND COMMERCIAL TAKES ANOTHER STEP FORWARD

The recent absorption of the Hibernia Banking Association of Chicago by the Continental and Commercial National Bank makes the latter bank much larger and gives it total resources of \$460,000,000. George M. Reynolds gives up the presidency of the trust and

**LIEUT. F. A. STEARNS**

Formerly Advertising Assistant in the Guaranty Trust & Savings Bank, Los Angeles; now Aerial Expert in Italy

to succeed J. A. Lewis, who resigned to take a vice-presidency in the Irving National Bank of New York. Mr. Chandler was for a number of years head of the new business department of the National Bank of Commerce and made many substantial friends throughout the United States.

SENATOR OWEN AT ST. LOUIS

The executive committee of the Bankers Club of St. Louis, which is composed of the sixteen bank presidents, entertained Senator Robert L. Owen at breakfast Saturday morning, November 9. Senator Owen spoke on "Foreign Trade and Banks of Discount." F. O. Watts, president of the Third National Bank of St. Louis, and also president of the Bankers Club, presided. Eighteen leading merchants of the city were present.

The chairman of the Missouri War Camp Community Service is R. S. Hames, vice-president of the Third National Bank and first vice-president of the American Bankers Association.

COUNTY ORGANIZATIONS IN IOWA

Through its secretary, Frank A. Warner, the Iowa Bankers Association gives out some interesting facts concerning the formation of county bankers associations in Iowa. Briefly stated the movement is proving to be a successful one, and the secretary expresses the belief that he will have all the counties organized by thanksgiving.

The Wright county bankers held their annual meeting September 19 at Clarion.

The Butler county association was definitely organized September 6, with W. F. Roy of the State Bank of Allison, selected as president. An overdraft agreement was adopted and signed by all present.

Pocahontas bankers organized September 15. W. A. McNee, of Laurens, was elected president; C. A. Carlock, Plover, vice-president; F. W. Kinde-man, Pocahontas, secretary; George Schneiders, Pocahontas, treasurer.

Reconstruction Problems

Bankers are facing changed conditions today, and greater reconstruction changes will naturally follow.

Especially at this time it will pay to use publicity and business building service which meets reconstruction needs.

Collins Publicity Service

Philadelphia, Penna.

Ida County bankers met in third annual meeting at Galva September 4.

Black Hawk County bankers organized at Waterloo August 28. Every bank in the county with two exceptions was represented and the meeting was enthusiastic.

Harrison County bankers have formed an association, using the forms sent out by Secretary Frank Warner.

Franklin County bankers organized at Hampton August 28.

Humboldt County bankers have also formed a county organization.

PRESIDENT MOORE BECOMES LIEUTENANT-GOVERNOR AGAIN

Ernest R. Moore, president of the American Trust and Savings Bank of Cedar Rapids, Iowa, has been reelected Lieutenant-Governor, and will preside over the Senate at the coming session of the Iowa Legislature. Lieutenant-Governor Moore was in the lower

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house three terms, and was an influential member. There is a movement on foot to make him governor two years hence. He is a veteran of the Spanish-American War.

FILLS VACANCY OF HIS FATHER

At a regular meeting of the board of directors of the Old National Bank and Union Trust Company of Spokane, Washington, held November 11, Austin Corbin 2d, son of the late D. C. Corbin, was made a director of the two allied institutions, thus filling the vacancy caused by his father's death. Austin Corbin 2d is vice-president of the Corbin Coal & Coke Co. and vice-president of the Spokane Land & Water Co., concerns established by his father, and in the management of which he has for several years taken an active part.

BANKERS GO TO TRAINING CAMPS

The bankers of the Pacific Coast are still joining the army. W. N. Ambrose, manager of the Portland branch of the Federal Reserve Bank, and A. L. Tucker, vice-president of the United States National Bank of Portland, have gone to Eugene, Oregon, to attend the students' army training school. C. S. Loveland will continue in charge of the Federal Reserve Bank. Mr. Ambrose and Mr. Tucker were preceded a short time ago by C. C. Close, assistant secretary, and Ira T. Walker, auditor, of the Lumberman's Trust Company, who also went to Eugene to enter the training school.

PLENTY OF PRUNES

The prune situation in Oregon has cleared quite satisfactorily. The Food Administration will take 18,000,000 pounds in packages of fifty, sixty and seventy pounds each, and the Government will commandeer 10,000,000 pounds of forty and fifty-pound packages on an 8½ cent basis and accept in twenty-five pound packages. The remainder of the crop will be released immediately for commercial sale.



N. A. LYTLE

President Coldwater National and Willmore State
Banks, Kansas

KANSAS BANKER OVERSEAS

N. A. Lytle, president of the Coldwater National Bank, Coldwater,

1865



1918

ESTABLISHED OVER HALF CENTURY



A CORDIAL INVITATION IS
EXTENDED TO INSPECT
OUR COLLECTION OF

EXCLUSIVE
MODELS

IN THE SEASON'S

FASHIONABLE
FURS

COATS - - CAPES
SCARFS and MUFFS

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CLOTH COATS WITH FUR COLLARS

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Manufacturers of

Strictly Reliable Furs

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Individual bank building to be erected by Hoggson Brothers for the First National Bank, Flint, Michigan. This structure is to provide the first story for a ten-story bank and office building to be erected in the near future

Kan., has been accepted for overseas duty with the Y. M. C. A. and will shortly be on his way to France. As president of the Coldwater Bank and also of the Wilmore State Bank, Mr. Lytle has been prominent in banking circles of that state. He has been honored by the Kansas Bankers Association on several occasions and is now vice-president for Kansas of the American Bankers Association. Mr. Lytle has been active in municipal affairs in his home town and his activity has extended to all forms of war and social work in his community.

A NEW BANK IN CUBA

A new bank is to be organized in Cuba by the Mercantile Bank of the Americas, in conjunction with the Guaranty Trust Company of New York. This will add another link to the chain of affiliated banks which the Mercantile Bank of the Americas has been establishing in Latin American countries. The name of the new bank is Banco Mercantil Americano de Cuba (American Mercantile Bank of Cuba) and it has a paid-up capital and surplus

of \$2,500,000. The board of directors includes Charles H. Sabin and Albert Breton of the Guaranty Trust Company, James N. Wallace of the Central Union Trust Company, Thatcher M. Brown of Brown Brothers & Co., Frederick Strauss of J. & W. Seligman & Co., Manuel Rionda, Miguel Arango and several of the officers of the Mercantile Bank of the Americas.

Charles H. Sabin, president of the Guaranty Trust Company, has been elected chairman of the board of directors; Albert Breton, president, and Frederick Strauss, Thatcher M. Brown and Jason A. Neilson, vice-presidents. The manager of the new bank will be Fernand J. Oehmichen, at present general manager of the American Mercantile Bank of Peru.

The Mercantile Bank of the Americas was organized during the second half of 1915. In the short time since its inception it has established twenty-four offices in Central and South America and Europe and a number of new offices are in process of organization. It is owned by Brown Brothers & Co., J. & W. Seligman & Co., Guaranty

Are You Prepared to Comply With the Comptroller's Request for an Accurate Statement of Your Unearned Discount and Interest Earned But Not Collected?

The Comptroller of the Currency has given notice that beginning January 1, 1919, National Banks will be obliged to keep their books in such shape that accurate statements may be made as to unearned discount and interest earned but not collected.

For several months past we have had in preparation one of our Bankers' Handy Series, showing in a simple, practical and easily understood way how to do the necessary bookkeeping to answer correctly items 21 and 27 on the Comptroller's Call.

The title of the book is "ACCRUED INTEREST RECEIVABLE AND PAYABLE," by Howard M. Jefferson, Auditor of the Federal Reserve Bank of New York. It answers just the questions every bank will ask. Forms in colors show bookkeeping methods and make the whole matter clear. 100 pages, bound in boards. Price \$1.00.

THE BANKERS PUBLISHING CO.,
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Special prices for quantity lots bearing imprint of Bank for distribution

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Enclosed is \$1.00 for which send us one copy of Jefferson's "Accrued Interest Receivable and Payable," with the privilege of returning if not satisfactory.

(Signed)

Date



Interior of the new building of the Banco Mercantil Americano de Caracas taken from the main entrance

Trust Company, Central Union Trust Co., all of New York, National Shawmut Bank of Boston, Anglo and London-Paris National Bank of San Francisco and Hibernia Bank and Trust Co., New Orleans.

ROYAL TRUST COMPANY OF CANADA

At the annual meeting of the Royal Trust Company of Canada the president, Sir Vincent Meredith, Bart., reported a satisfactory year, and the continued growth of both estate and trust business. At a meeting of the new board, Sir Vincent Meredith was re-elected president, and Huntley R. Drummond was chosen to succeed Lieutenant-Colonel Sir Montague Allen, C.V.O., as vice-president, as he had asked to be released of his duties owing to his long absence from Canada, and the uncertainty of his return.

C. W. Dean, manager of the Montreal branch of the Bank of Montreal, was chosen for the vacancy on the board left by Sir Montague Allan's retirement.

ROYAL BANK ENTERS FAR EAST

Arrangements have been perfected for the Royal Bank of Canada to open a branch at Vladivostok, with a view to the development of trade connections with Siberia. It is announced that D. C. Rea, manager of the head branch in Toronto, and three other officers of the bank will leave immediately for Vladivostok to investigate conditions and take the necessary steps to establish the branch. Mr. Rea will return to Toronto, but the others will remain in Siberia.

MOLSON'S BANK OF CANADA

Molson's Bank of Montreal, Canada, is making good progress, as its last statement shows. It has made increases in nearly all of its figures, including a substantial gain of practically \$100,000 in its profit and loss account. Dividends at the rate of eleven per cent. per annum were earned and paid, besides its contributions to war relief funds, war tax on circulation, and other war expenses. The Molson's Bank was established in 1855, when it was incorporated by act of Parliament. It carries a line of deposits in excess of \$51,000,000 and resources reaching a total of \$77,638,029.

NEW PRESIDENT OF STANDARD BANK OF CANADA

Wellington Francis, K.C., has been elected president of the Standard Bank of Canada, in place of the late W. F. Cowan. Mr. Francis is a member of the firm of Francis & Wardrop, barristers and solicitors, of Toronto. He was formerly vice-president of the bank, and is also vice-president of the Consumers Gas Company, vice-president of the Toronto Mortgage Company and a director of the Toronto General Trust Corporation. He was born in Toronto in 1848, and began practice at the bar in 1875.

REDUCING RESERVES IN CITY SUBURBS

By virtue of an act amendatory to the Federal Reserve Act, which became law

on September 26, provides that banks located in outlying districts of reserve cities, or in territory added to such cities by an extension of their corporate charters, may by affirmative vote of five members of the Federal Reserve Board hold and maintain the reserve balances prescribed for banks outside reserve cities. It was further specified that banks located in the outlying districts of central reserve cities may, under similar conditions, be permitted to hold reserves equal to those required of banks in reserve cities. Acting in accordance with these provisions of the law, the board has voted that it will not attempt to define such outlying sections in cities in districts other than Boston and New York, but that it will give consideration to individual applications received from such banks as may feel entitled to a change of reserve requirements, pursuant to the terms of the new law, such applications to show location of bank, capital, surplus and profits, and deposits, the latter divided as follows: Individual deposits and collection account of local banks and trust companies, and deposits of out of town banks; applications when completed to be submitted through and accompanied by recommendation of the Federal Reserve agent. It has further been voted that Federal Reserve agents be authorized to submit direct to the Federal Reserve Board general applications in behalf of all such banks in their respective districts without awaiting individual action of banks concerned.

As an example of the application of the law to the banks of cities and their suburbs, the Board's further statement shows that changes affecting the banks in New York City are as follows: Member banks located in the borough of Manhattan or located in other boroughs and having branch offices in Manhattan will be subject to the reserve requirement of paragraph "c" of section 19 of the Federal Reserve Act, namely, thirteen per cent. of aggregate demand deposits and three per cent. of time deposits.

Member banks located in the bor-

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We'll start with the premise that an Ink to be suitable for today's exacting commercial uses must have *all* the essential merits, to the utmost degree, of a *perfect* Ink. No other is really safe—no other ink is wholly efficient.

How, then, can you determine—positively—that the ink you use—or, if you are a dealer, the ink you sell—is an absolutely safe and altogether efficient ink?

You could make a test yourself. This is quite possible and easy. But you are a busy man, and realizing that "every shoemaker to his last" is best, you turn the matter over to an expert analytical chemist to make a comparative test for you.

So you go into the open market and select samples of Ink, say six or seven, or as many as you choose, including SIGNET INK.

Call in any reputable analytical chemist. Instruct him to give you a report on the comparative values of the samples as to Color-Value, Paper Penetration, Corrosive Action on Steel Pens, Stability Towards Sunlight and Artificial Light, Effect of Active Reagents, Acidity, Body Solids and Contents, Specific Gravity, or any other test you wish to have made.

"But that entails expense," you say. Yes, it does, but we will pay for the test—*provided you use the Ink that is proven BEST by your own expert's test.*

We do not ask you to give us the name of your chemist. If you desire to make such a test, *write* to the Russia Cement Company for full particulars regarding it, stating the ink you are now using and the amount you purchase per year.

And just in this connection may we call your attention to the fact that Signet Inks are made and guaranteed by the makers of the world-known and universally-used LePage's Glue and LePage's Mucilage. Dealers, who for a half-century have recommended and sold these standard products, and know their value, will fill your Signet Ink order or get Signet for you.

Never before has a *perfect* ink been so difficult to produce. Never before has it been more important that the dealer *know* the Ink he is selling. And never before has it been so necessary that the user of Ink make absolutely sure that his Ink is, *without the shadow of a doubt*, safe, sound, and of unvarying quality.

We will be very glad to write you any further particulars. Russia Cement Company, 208 Essex Avenue, Gloucester, Mass.

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"I MUST HAVE GIVEN SOMEBODY TOO MUCH MONEY"

You'll never say this if you wear Marsh Finger Pads because these pads only pick up one bill or piece of paper at a time. Abolish the filthy sponge cup. Don't be wetting your fingers constantly and thumb mark your office records, letters, bills, filing records, etc. Wear Marsh Finger Pads. Just the thing for cashiers, stenographers, bookkeepers, bill clerks, etc. 10c. each or 3 for 25c.

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prevented the broadest development of the banks and trust companies. The bill empowers the Comptroller of the Currency to approve consolidations and mergers, and affords an easier method than that which has heretofore existed. Senator Gore, in speaking of the bill, said:

"It has happened that banks which might have been advantageously brought together were kept apart from pride or unwillingness of one or the other to be absorbed. The bill just passed by the Senate and House will make these consolidations easy and will facilitate banking."

HELPFUL TO BANK LEGISLATION

A circular letter has been sent to state banks, trust companies and savings banks by the United States Council of State Banking Associations, calling attention to the service which the council can render as to legislative matters of interest to banks. To gain this end the circular solicits the support and cooperation of the banks. The circular says: "It is believed that the interests of all banking institutions can be best served by adhering to a policy of intelligent cooperation in the matter of legislation."

FARM LAND BANKS PROSPERING

Conforming to the provisions of Farm Loan Act, which requires that the Farm Loan Board "shall from time to time require examinations and reports of condition of all land banks established under the provisions of this act, and shall publish consolidated statements of the results thereof," the Farm Loan Board make public the second consolidated statement of the condition of the twelve Federal Land Banks as of October 31, 1918. The statement shows that the banks have made loans to farmers to the amount of \$139,378,156. Their capital stock has increased from \$9,000,000 to \$15,975,220, and they have issued farm loan bonds to the amount of \$140,122,200. They hold among their assets United States Government bonds and Treasury certificates

oughs of Brooklyn and Bronx will be subject to the reserve requirement of paragraph "b" of section 19 of the Federal Reserve Act, namely, ten per cent. of aggregate demand deposits and three per cent. of time deposits.

Member banks located in the boroughs of Richmond and Queens will be subject to the reserve requirement of paragraph "a" of section 19 of the Federal Reserve Act, namely, seven per cent of aggregate demand deposits and three per cent. of time deposits.

TO ENCOURAGE BANK MERGERS

Comptroller of the Currency Williams looks for a number of consolidations of national banks as a result of the passage by Congress of an act permitting these mergers. At present there are instances of two banking associations in many of the cities and towns of the country, a fact that has

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to the amount of \$14,850,000. Their excess of expenses and interest charges over earnings is \$211,609.09, which is a reduction of over \$200,000 since the previous semi-annual statement, and amounts to less than 1½ per cent. of their present capital. Three of the banks show an actual surplus. Before the close of the present month, two banks will begin the repayment of the stock originally subscribed by the Government. The total payments by borrowers overdue on October 31 amounted to \$86,073, of which \$51,117 was less than thirty days overdue, and only \$10,730 was ninety days or more overdue.

MERCHANTS BANK OF CANADA HALF-YEAR REPORT

Increases of \$17,940,426 in current loans, indicating the extent to which domestic business has received financial assistance, and of \$7,827,957 in Government securities and \$1,085,880 in public securities, a reflection of the financing of Canadian and British Government requirements were outstanding features of the half-yearly statement of the Merchants Bank of Canada, says "The Financial Post."

That the bank has been able to play such a prominent part in supplying national war-time needs and at the same time has extended its services to Canadian business, has been largely due to an increase of \$35,697,345 in savings deposits and to the fact that under the War Measures Act advances have been had from the government in the shape

of legals. This is indicated in the official bank statement for September, where balance due the Government is shown at \$16,184,995, compared with \$358,229 at the same time a year before. Further there was an increase of \$1,717,380 in circulation, indicating the enlarged requirements for floating funds to compensate for the shrinking buying power of the dollar.

The total assets of the bank at \$165,924,436, showed an increase of \$35,355,783. The bank's position as regards immediately available assets has been well maintained and the institution can evidently face the period of reconstruction with confidence.

LEWIS E. PIERSON ON BUSINESS AFTER THE WAR

Discussing the question of "Financing Our Foreign Operations After the War," at the expert convention recently held in New York, Lewis E. Pierson, chairman of the board of the Irving National Bank, made it very plain that the national resources must be kept in highly available condition. He said in part:

The academic phase of preparedness has received its full share of attention. Now it is high time to drop that phase, get down to real business, and actually prepare. And we should not be deluded, either, with the belief that our preparedness thus far has gone any further than the immediate purpose and demands of the war. We believe we know what would constitute a desirable after-the-war condition, but by what means that condition is to be brought about is a

foreign exchange is the clue

to the international situation

The unprecedented increase in our foreign trade—the unfamiliar spectacle of our becoming a creditor nation—is causing business men and students to pay more attention to the study of foreign exchange. *What is it? How does it operate? How is it affected by international transactions?* ¶ These questions and many others are answered in "The Elements of Foreign Exchange" by Franklin Escher. The intricacies and perplexities of foreign exchange are made clear in this little book, which, in a popular and readable style, tells you just what you NEED and WANT to know about this important subject. Sent prepaid anywhere on receipt of check or money order for \$1.35.

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question not yet clear, whose consideration already has been too long delayed.

It is certain that after the war we shall find ourselves definitely committed to a national policy of foreign trade, but the means whereby such a policy may be carried out have not yet received effective consideration from either Government or private sources.

A merchant marine we shall have, but what shall we do with it? Are we making such a study of world shipping conditions as will teach us how to use these ships effectively? What are we doing towards the elimination of absurdities in our laws, which, at present, make it practically impossible for ships flying our flag to compete successfully with the ships of other lands?

I. D. DAVIS STATE MANAGER

The National Surety Company of New York has established a branch office at Parkersburg, West Virginia, which is in charge of I. D. Davis, who has been made the company's state manager. The Home Security Company retains its general agency for the company and under this arrangement the Home Security Company and the newly established branch office will have common rights and privileges in Woods County.

THE NEW YORK CLEARING HOUSE

At the annual meeting of the New York Clearing House Gates W. McGarrah, president of the Mechanics and Metals National Bank, was reelected president for the ensuing year, and Theodore Hetzler, president of the

Fifth Avenue Bank, was elected secretary.

Manager William J. Gilpin and Assistant Manager Clarence E. Bacon were reappointed. Albert H. Wiggin, chairman of the Chase National Bank, was chosen chairman. James A. Stillman, chairman of the National City Bank, and Otto T. Bannard, chairman of the New York Trust Company, were elected members of the Clearing House committee.

The manager, in his annual report, shows the following clearing-house transactions for the year:

Exchanges	\$174,524,179.028
Balances	17,255,062,671

Total transactions ... \$191,779,241,699

Average daily transactions:

Exchanges	\$575,987,389
Balances	56,947,401

Total \$632,934,791

Total transactions since organization of
Clearing House (sixty-five years):

Exchanges	\$3,103,115,668,654
Balances	161,102,465,549

Total \$3,264,218,134,204

ROLFE E. BOLLING GETS GOOD WASHINGTON POSITION

Rolfe E. Bolling, vice-president of the Chatham and Phenix National Bank of New York, was recently elected president of the Commercial National Bank of Washington, D. C., succeeding Frank Hannan, who becomes chairman of the board. Mr. Bolling has a good banking experience, beginning in Virginia and continuing in Baltimore for seven years, after which he served the Commercial National of Washington as manager of their Panama branch. Later he was elected vice-president of the Chatham and Phenix. The Commercial National Bank has a capital of \$1,500,000 and deposits of \$12,000,000, and is next to the largest bank in Washington.

MR. HINSCH HIGHLY COMPLIMENTED

W. P. G. Harding, Governor of the Federal Reserve Board, sent the following letter to ex-President Hinsch of the American Bankers Association:

Ask Your Stationer for **Bankers Linen and Bankers Linen Bond**

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

Manufactured by Southworth Company, Mittineague, Mass.

SOLE AGENTS FOR NEW YORK

F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York

I desire, on behalf of the Federal Reserve Board, to express its appreciation of the cordial coöperation which has been given it by your administration, and particularly of the excellent work which has been done by your association's committee on federal reserve membership of state banks.

At the time of the appointment of this committee, on September 17, 1917, there were eighty-six state banks which were members of the system, with total resources of \$1,217,258,914, while to-day the number of state bank members has been increased to 748, and their total resources to \$6,668,259,717.

Your committee has been untiring in its efforts, and the board feels that the large increase in state bank membership is due in a great degree to the work which has been done by the committee. There are a large number of state banks eligible for membership which still are outside of the federal reserve system, and the reasons which were given in October last by the President of the United States why state banks should become members, and which have been so thoroughly elaborated upon by your committee, are more potent now than ever.

The board therefore wishes to express the

hope that your association will see fit to have the committee continue the good work which it has thus far prosecuted so successfully.

FARM LOAN COMPETITION

The feasibility of organizing a \$100,000,000 land credit corporation is being looked into by the Farm Mortgage Bankers Association as a practical means of competing with the Federal Farm Loan system, and preventing the gradual disintegration of its business through government competition.



With Bankers Magazine Advertisers

MODERN METHODS OF DICTATION

"The other day," says a prominent banker, "I chanced to step into the office of a broker friend. It was a particularly busy time on the exchange, and my friend was enacting a very interesting drama before my eyes. There he sat at his desk with the telephone receiver in one hand and the Dictaphone receiver in the other. As fast as the news came over the ticker, he would first send out his telephone messages and then he would dictate appropriate letters and inter-office communications to the Dictaphone.

"Before this incident, I had never thought about the Dictaphone except in the most general way. But the broker's ingenious use of the telephone and dic-

Practical Investing

This book is indispensable for the man or woman who has money to invest, who wants to invest wisely and to the best possible advantage as to safety and profit. Describes stocks and bonds as they are—as the man who goes into the market to invest money will find them. Not a theoretical discussion—but a practical treatise which will save dollars for its readers. "Are YOU going to throw away your savings in ill-considered investment or are you going to learn how to invest wisely and profitably?"

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tating-machine together showed me that there was really much that was similar between these two instruments of convenience. In each case, when something had to be done in a hurry, you picked up one receiver or the other and simply talked. Whichever receiver you picked up depended on whether you had a verbal or a written message to deliver.

"A subsequent talk with my broker friend convinced me that the Dictaphone would be equally useful in my office, for the complex ramifications of a modern bank entail a great deal of outside correspondence and internal memoranda, and we have found the Dictaphone to be the quickest, easiest and least expensive way to take care of our heavy volume of daily dictation.



Woman's Advent into Banking

WOMAN'S entrance into banking was the subject of discussion at one of the summer meetings of the Bank of Buffalo Club. The subject and the account of how it was handled are taken from "The Teller," published by the club:

"Resolved that the female of the human species is superior to the male in the solution and working out of banking problems."

Loud applause greeted the appearance of the attendants to the debaters, who marched to the front carrying towels and tin pails, and compelled the contestants to shake hands before proceeding to demolish each other.

Miss Sprong opened the debate in a stirring speech that made the old backs to stiffen and the blood to course through the veins of youth. It bristled with scientific terminology and historical references, till it would seem that the female of the human species was of the stuff that Gods are made of and man, mere man, was of the earth, earthy.

Mr. Lawrence Parker, for the negative, stated he was somewhat surprised at the attitude of the affirmative, as he had been led to understand that the debate was to be argued in a humorous manner, but it seemed it was no joke to the ladies. However, in his opening remarks he kept it on a serious plane and made an eloquent plea for the preservation of motherhood and the home.

Miss Mittlestedt, for the affirmative, brought forward an array of statistics that would prove anything.

Mr. Henry Lawrence, for the negative, was irrepressibly funny. He stated that the advent of femininity had added much to the attractiveness of banking, but that when the check desk was run by six men it was a much easier matter for the tellers to

strike "O. K." than now when sixteen ladies made life a thing of joy for the few men left upstairs.

The judges were Mrs. Tallmage, Mrs. Wilcox, Miss Stork, Mr. H. E. McDougal, and Mr. Harry Scatterd, who retired to the Bond Department and after a spirited debate among themselves brought in a verdict of four to one in favor of the affirmative. Mr. Scatterd alone voted for the negative and displayed much heat at the verdict.

Further evidence of this heat appears in the following letter signed "Harry," appearing in the same number of "The Teller":

While listening to the debate at the last meeting of the club I was surprised at the levity displayed in the handling of the subject. Mr. Parker did nobly in putting forward the true seriousness of the subject and his panegyric on motherhood was worth remembering. When we consider that the future of the race is involved in the question its serious aspect is apparent. I for one am old fashioned enough to still hold to the belief that woman's sphere is in the home, and am filled with apprehension when I see new avenues of business opened for the advent of women. The women suffrage cranks make me tired, and now we see our women flocking to the polling booths, the atmosphere of which is appalling to think of in connection with pure womanhood. My wife will never vote if I have to lock the door on election day and stand outside of it. A feeling of depression overcomes me when I contemplate the future. All these new fangled notions about the superiority of women give me a pain.

What happened to Harry might make an interesting sequel.

BOOK TALKS

Special Section of The Bankers Magazine

JULY 1918

THE ACCUMULATED WISDOM OF THE PAST

QUOTING the Scotch philosopher, Thomas Carlyle, again:

"In books lies the soul of the whole past time; the articulate audible voice of the Past, when the body and material substance of it have altogether vanished like a dream."

Observing travellers who have preceded us along life's highway have left some guide-posts whose warning fingers we well may heed. So the business man, the manufacturer, the banker, who has put his experience into a book, has shown us not only what to do, but what to avoid—virtually pointing out the shortest and safest road to successful achievement.

Some people object to old books. Yet in the higher realms of thought, where eternal principles are dealt with, truths set down more than a thousand years ago to-day have the charm of purest freshness. The Bible, Confucius and the Greek classics are the best examples. Even in the realm of mechanical invention, the Egyptians and the prehistoric Peruvians evidently knew some things which we do not. Those who are unduly conceited because of our marvellous mechanical achievements may find some abasement of their pride on reading "Some

Words with a Mummy," by Edgar A. Poe.

Our business literature, to accord with the latest practices, is rightfully enough modern. But the inhabitants of ancient Egypt knew something about bills of exchange. Cicero was not ignorant of letters of credit. Bank notes—"flying money"—have been common in China from very early times.

Nevertheless, the business of to-day has its own methods as preceding ages had theirs. And he who expects to get ahead in a world where modern customs prevail must know what those customs are.

In the United States we are rather fortunate in having so many successful men who, instead of cultivating the field of poetry as did bankers like Lorenzo the Magnificent, Rogers and Roscoe, write down for us the practical rules of business; witness such distinguished authors as Hill, Rockefeller, Carnegie and Schwab. Nor have some of the most eminent bankers been less diligent in enriching the volume of banking and financial literature, thus placing within reach of the ambitious man or woman a storehouse of valuable practical information.

ACTIVITY

It is wonderful how much Activity can do for you—even though you may be

lacking in Ability, even though you are shy on Endurance, if you are *Active* you may achieve success. There is not an axiom which stands out in greater relief than the old statement, "There is no excellence without great labor."

Don't start out with the idea that Success and Fame will seek you out. It is true that men have been snatched from the plow or the forge, and under great stress have become successful figures, illuminating the pages of business success. This is the exception—not the rule.—*M. W. Sutton, in the American Magazine.*



THE VALUE OF PERSONALITY

THE facilities of a bank of average resources are about equal, as competition in business compels a measure of service as necessary to progress. There is one distinguishing feature, however, which a bank can offer to its patrons and that is personality. This possesses a value which must be reckoned with and demands serious consideration.

Personality may be expressed in speech, in conduct, or in work, and it is in respect to work that most of us have our opportunity. A man of personality will not outrage that consciousness by doing his work in a slovenly manner. How quickly

(Continued on page 6)

THE BANKERS MAGAZINE—BOOK TALKS

BOOK TALKS

KEITH F. WARREN, Editor

Monthly Book Section

THE BANKERS MAGAZINE

253 Broadway, New York

JULY 1918

THE BANKING SYSTEM OF ICELAND

HOW bankers of other lands are studying our banking system with a view to copying and adapting some of its best features received a fresh illustration recently when our Book Department was honored by a call from Mr. G. Vilhjalms-son, representing the Federation of Iceland Coöperative Societies, Reykjavik, Iceland, and Mr. Arni Eggertson, commercial representative of the Government of Iceland in Canada and the United States. These gentlemen wished to procure a number of books on American banking, with a view to utilizing such of our banking methods as may be found adapted to their needs.

This is an illustration of the varied requirements which our Book Department is being called on to meet in these times of rapid commercial and financial expansion.



BOOKS AS AN EXTENSION UNIVERSITY

"The true university of these days is a collection of books."
—Carlyle.

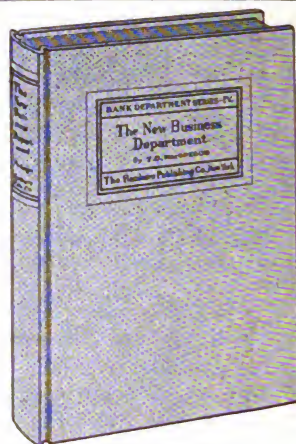
FROM books the university or college man or woman may take a post-graduate course, while to the large number denied the advantages of these higher institutions of learning the possession of books brings

KNOWLEDGE AND THOUGHT

THE volume of thought continuously applied to the work of life, whether it be applied in the library or study or laboratory, or in the workshop or factory or counting-house or council chamber, has not been keeping pace with the growth of our population, our wealth, our responsibilities. It is not to-day sufficient for the increasing vastness and complexity of the problems that confront a great nation. We in Great Britain have been too apt to rely upon our energy and courage and practical resourcefulness in emergencies, and thus have tended to neglect those efforts to accumulate knowledge, and consider how it can be more usefully applied, which should precede and accompany action. . . . In the stress and competition of our times, the future belongs to the nations that recognize the worth of knowledge and thought, and best understand how to apply the accumulated experience of the past.—Lord Bryce.

within reach a sort of extension university.

The benefits which flow from sustained and systematic reading, both along lines of general literature or some special branch of study, are thus easily brought within the reach of everybody. What with the cheapness of books and the almost ubiquitous library, no



The New Business Department

By T. D. MACGREGOR

Author of "Pushing Your Business," "2000 Points for Financial Advertisers," "Bank Advertising Plans," "The Book of Thrift."

THE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keystones of this book by T. D. MacGregor, the well-known writer on financial advertising.

This handy volume, the fourth of the "Bank Department Series," is largely the fruit of the author's having been for some time an important member of the Department of Publicity and New Business of the Guaranty Trust Co.

While some of the ideas and methods suitable for use in pushing the business of the largest trust company in the world—with resources of over \$500,000,000—undoubtedly would not be adaptable to the requirements of the average bank or trust company, still the principles and practice in general are the same no matter what the present size of the institution to be developed.

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one need lack the means of self-education.

In fact, books may be so easily procured as to encourage that miscellaneous and omnivorous kind of reading which doesn't "get you anywhere," as the saying goes. "Special libraries," on the other hand, are too often made up for the same purpose as Hodge's razor—to sell. Here the safeguard lies in dealing with publishers of established reputation who can not afford to publish anything but the best and who are too conscientious to do so.



BANK DEPOSIT BUILDING

MR. MOREHOUSE'S new book, "Bank Deposit Building," is now out and is already enjoying a large sale. Mr. Morehouse is well known to our readers through his contributions to **THE BANKERS MAGAZINE** and through his connection with the Financial Advertisers Association. He is also the author of "Written Examinations for Bank Employees" and "Bank Letters," and his book on "Window Advertising for Banks" will shortly be issued by the Bankers Publishing Co. Special combination offers are now available on these books.



JAPAN BUYING BOOKS

Japan is feeling the stimulating effects of the changes brought about by the war and is diligently studying American banking and financial methods. No Japanese mail fails to bring subscriptions to **THE BANKERS MAG-**



Commercial Paper, Acceptances, and the Analysis of Credit Statements

By

W. H. Kniffin, Jr.

THIS book is by the author of "The Practical Work of a Bank," "The Savings Bank and Its Practical Work," "Essentials in Granting Credit," etc., a practical banker as well as a student of banking and lecturer on banking topics.

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rick's "Trust Companies" and Kniffin's "Commercial Paper" are all in steady demand.



BOOKS RECEIVED

ACCEPTANCES. The Mechanics & Metals National Bank, New York.

A descriptive narrative of the history of the Acceptance, describing in a simple and readable way the manner in which they have developed through generations of trade and banking experience. The advantages of both trade and bank acceptances are fully detailed.

COURTESY PLUS. By H. C. Swartz. The S. W. Method, 21 North LaSalle St., Chicago.

Propaganda for the bank staff, designed for distribution among employees.

A TRADE ACCEPTANCE REVIEW. By Lewis E. Pierson. Irving National Bank, New York.

An address before the Chamber of Commerce of the United States, Chicago, April 11, 1918.

WHAT OTHER NATIONS HAVE DONE TO HELP THEIR DISABLED SOLDIERS AND SAILORS. Corn Exchange Bank, Philadelphia.

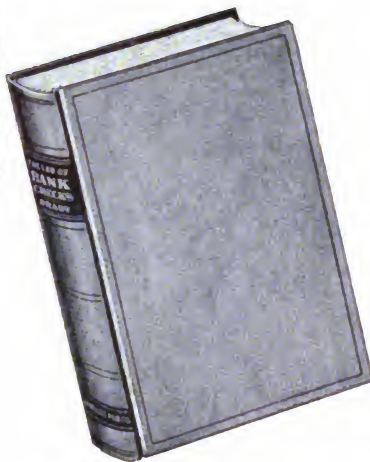
Prepared by Albert N. Hogg from reports and publications issued by the authority of the British Ministry of Pensions and including also data from Belgian, French and American sources.



LADY (entering bank very business-like)—I wish to get a Liberty Bond for my husband.

Clerk—What size, please?

Lady—Why, I don't believe I know exactly, but he wears a fifteen shirt.—*Bank-italy Life.*



The Law of Bank Checks

By John E. Brady

OF THE NEW YORK BAR

A Useful Book for Every Practical Banker

Covers the entire body of law relative to checks. Will keep the banker out of legal difficulty and save him many times its costs.

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CHECK AS GIFT	NOTICE OF DISHONOR
OVERDRAFTS	PROTEST
POSTDATED CHECKS	DEPOSIT OF CHECKS
STALE CHECKS	COLLECTIONS
TRAVELERS' CHECKS	PAYMENT
LOST AND STOLEN CHECKS	STOPPING PAYMENT
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(7)

The Value of Personality

(Continued from page 1)

our attention is directed to the neatness which characterizes the manner in which a bank handles its mailing enclosures, and in the exactness in regard to detail which covers all its transactions. Let this ideal of personality as expressed in work permeate the working staff of a bank and rules governing details, or official supervision will be unnecessary.

As an asset to the success of any banking institution, the value of personality as indicated is beyond measure.

—The Teller.



"Books are the highest expression of mankind, they represent his efforts to lift himself out of the rut of pettiness and drudgery. When you sell a good book you sell some one a new lease on life."—Christopher Morley.

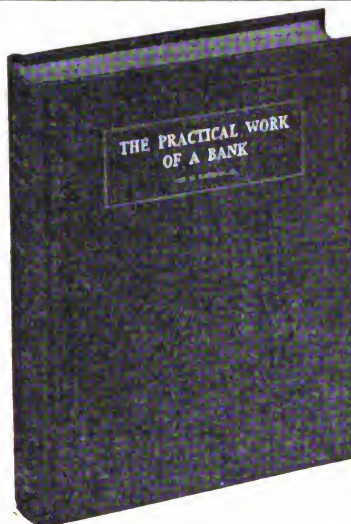
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For a limited time we will present a copy of W. R. Morehouse's "Written Examinations for Bank Employees," free with every order for Mr. Morehouse's "Bank Letters."

A full description of the "Examinations" appears in May issue of BOOK TALKS and the "Bank Letters" are already being used to advantage by a steadily increasing number of bankers.

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And, what's more, it shows exactly how some of the largest banking institutions in the country carry on their business. It gives reproductions of the forms they actually use for their various accounts and points out how they handle every detail of their business. Mr. Kniffin, the author, has not depended upon his own knowledge and experience. He has in addition gone to leading bankers throughout the country and received the benefit of their experience in various branches of banking. This knowledge and experience he has added to his own with the result that the "Practical Work of a Bank" is something more than a book. It is an encyclopædia, a complete text book for the student of banking.

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Name
Bank
July B T Address

THREE WORDS

THERE are three words, the sweetest words

In all of human speech—
More sweet than are all songs
of birds,

Or pages poets preach.
This life may be a vale of tears,
A sad and dreary thing—

Three words, and trouble disappears

And birds begin to sing.
Three words and all the roses
bloom,

The sun begins to shine.
Three words will dissipate the
gloom

And water turn to wine.
Three words will cheer the sad-
dest days—

"I love you?" Wrong, by
heck!

It is another, sweeter phrase,
"Enclosed find check."

—*Douglas Malloch, in Hello*



A GLORIOUS TRINITY

"I am Old Glory," says
the Star-Spangled Banner.

"I am Bold Glory," says
the Service Flag.

"I am Gold Glory," says
the Liberty Loan Honor
Flag.—*Life*.



THE BUSY ONE

A well-known Englishman
was calling on an editor,
when he rose abruptly and
said: "But I must not fur-
ther occupy the time of a
busy man."

"Not at all," exclaimed
the editor; "I am always
pleased."

"Oh, I was referring to
myself," was the placid re-
joinder.—*Boston Transcript*



Flubdub: "It's a good
plan to make your money
grow."

Harduppe: "Huh! Did
you ever notice how small
a dollar is when you borrow
it and how big it seems when
you have to pay it back?"

—*Life*.

Bank Deposit Building

Practical and Proved Methods of Increasing
Your Business and Holding It

By W. R. MOREHOUSE

Assistant Cashier Guaranty Trust and Savings Bank, Los Angeles,
Cal.: Vice-President Financial Advertisers Association

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announces the publication of "Bank Deposit Building:
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and Holding It," by W. R. Morehouse. The book is
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"Bank Deposit Building," as its name implies, deals
with building bank deposits—not in the sense of a specta-
cular increase by forced methods—here to-day and gone to-
morrow—but building for permanent growth. This is the
keynote of Mr. Morehouse's book and attention is paid
to holding old business as well as to winning it in the first
place.

There is nothing theoretical about Mr. Morehouse's
book. All the methods recommended have been tried and
found successful. Mr. Morehouse is himself one of the
officials of a bank that has been highly successful and on
account of his knowledge of advertising matters has been
chosen Vice-President of the Financial Advertisers' Associ-
ation and Editor of the *Bulletin*, which deals exclusively
with bank advertising. Mr. Morehouse is also well known
to bankers on account of his frequent contributions to
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At this time when strong and united efforts are being
made far and wide to promote thrift and saving, the study
of a book like "Bank Deposit Building" will not only
stimulate the banker's patriotic duty, but will add to his
legitimate profits as well—a combination of "doing good
and making money," as Benjamin Franklin once put it.

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Please send for free examination a copy of Mr. More-
house's "Bank Deposit Building." After five days' examina-
tion I will either return the book or remit the price, \$3.00.

Name.....

Bank.....

July BT Address.....

Some New Books of Interest to Bankers

Accounting Theory and Practice—unit 2. By C. F. Rittenhouse and P. F. Clapp. Price, \$2.65, delivered.

Advertising. By E. H. Kastor. This work contains practical information which the average business man will find helpful and profitable in planning and placing advertising. 317 pages.

Advertising and Selling Practice. By J. R. Opdycke. Presents material best calculated to give a first and general survey of the field of advertising. 206 pages. \$1.40, postpaid.

Advertising and Service. By A. W. Shaw Co. Shows tested ideas, plans and methods of advertising that have made good in hundreds of banks all over the country. 312 pages. Price, \$2.65, postpaid.

Annuities and Ammortisation Tables. By Pierre Zeldari. Covers the whole range of type problems that arise in finance. 258 pages. Price, \$10.15, delivered.

Art of Saving. By H. A. Blodgett. Gives the individual practical help toward mastering the art of saving. 80 pages.

Banking Forms. These forms are practical and up-to-date, arranged in groups covering the various departments in a commercial banking institution. 96 pages. Price, \$1.15, post paid.

Business of Finance. By Hartley Withers. Points out the foundations of our financial system and how best to face the great problem of rebuilding after the close of the war. 240 pages. Price, \$1.65.

Business Law. By Thomas Conynghton. Answers problems of everyday law. 535 pages. Price, \$4.15, postpaid.

Business and Law. By E. T. Roe and E. G. Loomis. This is a complete legal and business compendium of figures, facts, tables, short cuts, etc. 746 pages. Price, \$2.90.

Credit of the Nations. By J. L. Laughlin. Being a study of the European war by a distinguished economist—and in preparation since August, 1914. Price, \$3.65, delivered.

Duties of the Junior Accountant. By Reynolds and Thornton. 102 pages. Price, \$1.15, delivered.

Everyday Law. By F. H. Bacon. Gives a plain statement of the elementary principles of law governing ordinary business transactions. 190 pages. Price, \$1.15, delivered.

Exercises in Accounting. By C. F. Rittenhouse and P. F. Clapp. 117 pages. Price, \$1.45, delivered.

Financing the War. By A. B. Hepburn. Gives a comprehensive survey of a very vital subject. 32 pages. Price, 60 cents, delivered.

Fundamentals of Cost and Profits Calculation. By R. C. Denham. Attempts to show the elements of cost, the correct rules of calculation, and methods of determining the cost of production and merchandising. 120 pages. Price, \$1.15, delivered.

How to Read the Financial Page. By Scribner Browne. Includes information in regard to the financial page, stock market, together with money rates, deposits, loans, failures, commodity prices, etc. 93 pages. Price, \$1.15, delivered.

Indian Currency and Banking Problems. By M. L. Tannan and K. T. Shah. Discusses the historical and present day conditions of banking in India. 322 pages.

Industry and Finance. By A. W. Kirkaldy. Gives war-time statistics in Great Britain on credit, currency and finance, including also the replacement of men by women workers in industries. 371 pages. Price, \$1.90, delivered.

Japan at First Hand. By J. I. C. Clarke. Tells intimate details of the Japanese people, their country, lives, religion, education, politics, finances and their war time trade and commercial expansion. 482 pages. Price, \$2.65, postpaid.

Organized Banking. By E. E. Agger. Analyses the activities of the modern bank, pointing out the ends to be sought and the dangers against which safeguards must be provided. 385 pages. Price, \$3.15, delivered.

Paine's New York Banking Laws (7th Edition) including "Laws of 1917." Price, \$2.50, delivered. **Paine's National Banking Laws, (7th Edition).** Price, \$2.00, delivered.

Problem of a National Debt. By W. F. Willoughby. Gives various plans for budget making, citing the British Empire budget as well as those of the European countries. Price, \$2.90, delivered.

Statistics. By W. B. Bailey and John Cummings. Tells how to gather, tabulate and rightly interpret statistical information. 163 pages. Price, 75 cents, delivered.



OUR Catalogue describes the very books that you need in your every-day business and shows you how you can examine these at our risk

Send for your copy today

The Bankers Publishing Company

253 Broadway, New York.

Examine These Banking Books At Our Risk

EVERY one of the books listed below is crammed full of valuable information and progressive ideas and methods for increasing your efficiency as a banker. Read over the brief descriptions below and select the ones that you want to examine at our expense.

The Practical Work of a Bank. By William H. Kniffin, Jr. Covers every phase and detail of the operation of a modern bank. There isn't a single practical banking problem or detail of bank administration that this book doesn't take up carefully and describe in detail. Tells how to increase the efficiency of a bank—how to make the work run more smoothly—how to get the most out of equipment. 600 pages. Fully illustrated and indexed. Price, \$5.00, delivered.

Trust Companies; Their Organization, Growth and Management. By Clay Herriek. Describes in detail the actual organization and operation of every department of a modern trust company. Contains a variety of tables and charts which make it indispensable for every trust company officer. The author was for many years connected with the Cleveland Trust Company in important capacities and speaks with authority. 500 pages. Price, \$4.00, postpaid.

Paine's Analysis of the Federal Reserve Act and Cognate Statutes. By Willis S. Paine, LL.D. The first complete and authoritative treatise on the history, enactment, development, operation and interpretation of this important law. Every leading court decision as well as the rulings affecting the operation of this law are given, together with a history of the measure from the original introduction of the bill down to the present time; including supplement. Also takes up the Bill of Lading Act and the Federal Farm Loan Act. 400 pages. Fully indexed. Price, \$5.00, delivered.

Bank Letters. By W. R. Morehouse, Publicity Manager of the Guaranty Trust and Savings Bank of Los Angeles. 22 actual letters, reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Special attention given to letters which build business for banks, create good will and increase deposits. All the letters have actually been used and tested by the author and are the result of a long study of this important subject. Price, \$5.00, postpaid.

Commercial Paper, Acceptances, and the Analysis of Credit Statements. By William H. Kniffin, Jr. This is a thoroughly practical book, understandable alike by the banking student as well as the man higher up. Contains seventy pages of actual financial statements, some favorable, some unfavorable, with complete analyses printed on facing pages, explaining in detail why it is safe or unsafe to invest in the paper. 162 pages. Price, \$1.50, postpaid.

3000 Points for Financial Advertising. By T. D. MacGregor. This book writes your bank advertising copy for you. It contains 3000 suggestions for the wording of as many bank ads—strong copy bringing out vital points in a clear and concise way. Adapted to the use of commercial banks, trust companies, safe deposit companies and savings banks. 170 pages. Price, \$1.75, postpaid.

The New Business Department. By T. D. MacGregor. Tells how to organize and operate a new business department that will help you not only in getting new accounts, but also in holding and making old ones more profitable. The book is based on the methods used in the most successful banks in the country and is illustrated with up-to-date forms. Price, \$1.00, delivered.

The Filing Department. By J. Arthur Cramer. Bank Department Series. Describes and illustrates a system of filing for banks which will enable the banker to have immediate access to all of the correspondence and records bearing on any particular transaction. Author has made a careful study and investigation of the subject. 100 pages. Copiously illustrated and indexed. Price, \$1.00, delivered.

The Elements of Foreign Exchange. By Franklin Becker. Gives a clear understanding of the causes which affect the movement of foreign exchange, its influence on the money and security market, etc. The book is elementary and is designed for the reader who wants to get a clear idea of how foreign exchange works without going too deeply into it. Seventh Edition. Price, \$1.25, postpaid.

Bankers Publishing Company,
255 Broadway, New York:

Send me the following books on banking and I will try them out. If I don't find them satisfactory, I may return the books within five days at YOUR expense. I enclose one dollar merely as a deposit to be refunded without quibble or question should I return the books. If I decide to keep them I will remit the balance in monthly payments of \$2 each.

(Consult list above for exact titles and fill in your selection here.)

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Name.....

(10) Bank.....

Address.....

You may place my name on your list to receive BOOK TALKS each month.

How to Examine These Valuable Banking Books at Our Expense

Simply fill in the title of the books you want for examination on the free examination coupon

at the left. Look them over and see if they are not all that we have claimed. See if they won't be an actual help to you in your everyday work. At your own desk decide for yourself. And if you don't find that they will be helpful, return them at our expense and we will refund your deposit without quibble or question. For every title is sold subject to approval after full five days' examination. Do not delay! Tear off the coupon and mail TODAY.

BOOK TALKS

Special Section of The Bankers Magazine

DECEMBER 1918

WORK OF A BANK LIBRARY

By SARAH HALLSTED

Librarian of National Bank of Commerce in New York.

ANYONE undertaking a work of organization must have a definite aim in view. To organize means to arrange in interdependent parts; to get into working order. There will be seeming deviations, but if the aim is definite enough, all things will gradually take shape under it.

The organization of a library includes collecting material as well as putting it into order. In organizing a public or a college library, there are certain principles to follow which will always hold. Every public library has certain reference books and certain selected "best" books. These books cover all classes.

In a bank library or any business library there are no such generally applicable rules, but material is selected according to definitely expressed needs. The organizer must first become familiar with the work being done and then a study of sources must be made. But, although the business library is still in process of evolution, certain fundamentals are beginning to stand out, and certain books, though few in number, are necessary in every bank library.

The purpose of the Li-



Where the National Bank of Commerce employees are invited to improve their mental equipment

brary of the National Bank of Commerce in New York is two-fold: to furnish information needed in the work of the bank and to assist in supplying educational reading to the employees. The first—the work of assisting the bank—is by far the best developed portion of the work, though the number of employees who take advantage of the privilege of taking books from the library is increasing daily. New employees are showing great interest in obtaining books which will help them in their work.

A great deal of the information furnished by the library is in response to direct requests. To answer such requests, books are not always the most valuable sources. Of course the Library contains general books on economics, finance, business law, commercial and industrial development, but year books, government doc-

uments, trade journals and daily papers are most often used. Such magazine and documentary material is valuable on account of being up to date.

About 125 periodicals are received, though not all of these are kept on file for any length of time. One of the main and continually used sources of material is the clippings file. To keep this up to date four financial papers and six daily newspapers are clipped, as well as many magazines which it is not necessary to keep on permanent file. Newspaper clippings are verified, when possible, from official sources, and this makes the file, in many cases, a clue to more important documents. This file is alphabetically arranged by subject, the clippings being placed in large envelopes bearing the assigned heading. Each important head-

(Continued on page 7)

Banking Publicity

Monthly Publicity Section
THE BANKERS MAGAZINE
253 Broadway, New York

JULY 1918

THE BEST WAY to finance the war is not to divert money ordinarily deposited in banks into bonds and Thrift Stamps. It is to bring out hidden money and to inculcate habits of more careful expenditure, so that there will be a margin over every man's earning power to invest in Government securities.

A PHILADELPHIA banker startled the delegates at a recent convention by saying he thought that the federalizing of all banking activities was not an impossibility. Most bankers will not agree with him, inasmuch as the bankers are doing such good service for the Government under existing conditions. In any event, it is probable that banks will always continue to advertise, as human nature will be unchanged and it will be just as necessary to urge people to be thrifty.

BANK AND TRUST company publicity men have been giving efficient and patriotic service to the Government ever since we entered the war. It is not necessary to mention particulars, but it is a fact that the success of the Liberty Loan issues, W. S. S., Red Cross, Y. M. C. A., and other war campaigns, has been partly due to the efforts of these trained men in making the

best use of the advertising appropriation of their institutions. Before the Third Liberty Loan, some banks advertised the United States Certificates of Indebtedness to take up extra funds, instead of advertising their own Certificates of Deposit for this purpose.

AT LEAST one bank is giving up the use of calendars for the next year and has given as its reason for so doing that the manufacture of art calendars is non-essential work in these times.

MANY TRUST companies will not look with favor on an advertisement which has been appearing in a general magazine of wide circulation—it was headed "Make your own will—save lawyers' fees." Most trust companies, knowing the danger of a holograph will, urge their clients to secure the services of a competent lawyer in the matter of making a will.

IN THESE TIMES, there is lots of interesting news in the papers, and that means that your bank advertisement has all the more competition to meet in getting and holding the reader's attention. It has been said that a department store's advertising is the news of the store. To a more limited extent, a bank's advertisements may be made to have something of a news interest. This does not mean particularly that reference is to be made frequently to news events, though some banks make a practice of that, notably the Harriman Na-



Thinking in terms of flesh and blood

The man who handles trust business in our country considers more than merely the dollars and cents side and the strictly legal aspect of the trust. We endeavor to determine the spirit that has actuated the maker of the trust, and the needs of the beneficiary, so that whenever we are called on to make a decision, we can do it with these facts in mind.

For instance, we were made trustee of the estate of a certain man, with power to give to any one what income we deemed best. This man and several family members in the world, and was considered a "rolling stone."

We tried very hard to help him find what he was best fitted to do, and a small Western ranch was finally agreed upon. We purchased the ranch, held it in trust for him, and he has now settled down and is happy and contented. We sincerely tried to justify the faith a bank that we would do more than merely make safe investments and remit income.

BOSTON SAFE DEPOSIT & TRUST COMPANY
100 Franklin, at Arch and Devonshire Streets

One of an excellent new series now being run by one of the oldest trust companies in America

tional Bank of New York. But it means that the copy of your advertisements should be changed frequently and that the subjects be handled in a fresh and interesting manner.

IT IS NOT only from the Government's campaign of thrift education that the bankers are receiving coöperation nowadays. The general movement towards thrift is reflected in extensive advertising being done by the publishers of various personal account books. There are at least two different books of this kind which are being advertised in large space in general mediums. There are also one or two good books on thrift, like those by A. W. Atwood and T. D. MacGregor, which are being advertised quite extensively. These things reinforce the savings advertisements of banks and trust companies.

MANY TIMES banks overlook advertising assets. For instance, there is a certain trust company in New York City, the walls of whose banking quarters are covered with framed pictures of old-time scenes and personalities in the financial history of New York and the nation. A splendid series of newspaper advertisements or a very interesting booklet could be made if these pictures were reproduced with explanatory reading matter. This would attract the attention and secure the interest of the reader, affording an opportunity to say a few things concerning the banking and trust service of the institution.



T H E L A T E S T is the "Automatic Receiving Teller," a machine which a bank can have put up in restaurants and other public places so that persons who are moved by the thrift impulse will find it easy and convenient to drop their spare change into it and build up their savings accounts. Numbered receipts are issued automatically, and they can be pasted on a folder and presented at the bank for pass-book credit. Can you beat it?



A P R O M I N E N T bank advertising man says:

We believe absolutely in linking the bank's advertising with actual conditions—more so in war time than in any other period this Nation ever passed through.

And it is a proven fact that advertising does its greatest work in times of crisis. You know what it has done this past year for our Nation. Wartime advertising is a privilege, an obligation, a duty which

One Hundred Years of Commercial Banking

*Conserved Statement of Condition at
the Close of Business, May 19, 1918*

Resources

Loans and Discounts	\$69,041,008.34
United States Bonds (par)	13,423,000.00
Other Stocks and Bonds	5,533,100.46
Customers' Liability	1,702,477.43
CASH AND EXCHANGES	<u>29,627,351.45</u>

\$119,124,737.68

Liabilities

Capital	\$1,500,000.00
Surplus and Undivided Profits	2,665,848.08
Circulation	1,909,947.50
Other Liabilities	8,690,437.43
DEPOSITS	<u>106,368,484.67</u>

\$119,124,737.68

DESIGNATED DEPOSITORY OF
THE UNITED STATES
THE STATE OF NEW YORK
THE CITY OF NEW YORK

Thirteen Points of Importance in Manhattan:

BRANCHES

Greenwich and Warren Sts.
Beverly and Grand Sts.
Hickory Ave. and 14th St.
Broadway and 10th St.
10th Ave. and 33rd St.
10th Ave. and 50th St.
Broadway and 34th St.
10th Ave. and 42nd St.
Broadway and 10th St.
10th Ave. and 10th St.
Broadway and 10th St.
Broadway and 10th St.
Broadway and 10th St.

OFFICERS

LEWIS G. KATZNATH, President.
FREDERICK B. SHAPIRO, 1st Vice.
WILLIAM B. SHAPIRO, 2nd Vice.
HERALD B. SHAPIRO, 3rd Vice.
C. KATZNATH, Cashier.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.
WILLIAM B. SHAPIRO, Asst. Cash.

We invite your account

MAIN OFFICE
440 BROADWAY
CORNER LIBERTY STREET

Resources One Hundred Million Dollars

This striking ad. which occupied a quarter page of newspaper space shows very clearly the service offered by the bank's main office and twelve branches

every American bank must recognize—should use to the best of its ability.



ALONG THE LINE of constructive wartime advertising of banks, the Corn Exchange National Bank of Philadelphia issues a pamphlet describing the training for disabled soldiers which is being carried on abroad.



A RECENT number of *System* contained an article on "How I Get My Ideas Across," by John H. Patterson, head of the National Cash Register business. Mr. Patterson believes strongly in the value

of illustrations, and that is a good hint to bank advertisers.



T H A T T H E R E I S considerable advertising value in a good slogan is well known. Here are a trio of good bank slogans that have recently come to our attention:

"The Bank That Service Built," Seaboard National Bank, New York City.

**"In the National Union
There Is Strength," Nation-
al Union Bank of Maryland,
Baltimore.**

**"The Bank That Helps
the Man Who Helps Him-
self," Commercial Bank and
Trust Co., Wenatchee, Wash.**

OLD



"I'M PROUD TO TELL YOU

that this is one of my oldest and best banks. It is a national bank, a member of the Federal Reserve system, and a strictly American institution.

"Its management is American; its policy is American; its progress is American. It puts the spirit of Americanism in every undertaking that can possibly help me establish universal peace and liberty.

"Since the day of our Independence, Americanism has never gone unrepresented. The Old State National Bank with its vast resources and influence, came to my aid at the first call. It has worked for me with me ever since and is my co-member in your community. It is now receiving its reward—growing in resources and in influence with a rapidity the like of which few banks can boast.

"I am glad to have my people support whatever is American. I am glad to have them support this bank which has been so loyal to me. I feel sure that Americanism never has gone, and never shall go, unrepresented. By supporting my work your reward will be prosperity and the fruits of universal peace and liberty, just as this bank's reward is power and rapid growth. I make these grateful acknowledgments in behalf of all my loyal servants."

OLD STATE BANK NATIONAL

DIRECTORS

Henry Dale
Alexander Olden
Wm. H. McCarty
Marion B. Searles
James T. Walker
Henry L. Leachman
George Bess
Samuel L. Orr
F. B. Wilson
H. C. Elmyer
G. A. Trinkle
Lennie A. Dean
J. O. Davis
J. L. Spilhaus

OFFICERS

Henry Dale, President
Alexander Olden, Vice-Pres.
J. O. Davis, Vice-Pres. and Cashier
F. B. Wilson, Vice-Pres.
H. J. Besser, Assistant Cashier
A. F. Buder, Asst. Cashier

OLD

OLD

No doubt about the loyalty and patriotism of the Old State National Bank of Evansville, Indiana

How Banks Are Advertising

In these columns each month current publicity matter will be reviewed and criticized

As a rule, short copy is more effective than long. One of the best short bank advertisements we have recently seen is as follows:

OUR OBJECT

Better service to depositors;

OUR DESIRE

More depositors to serve.

THE HANOVER SAFE DEPOSIT Co. of New York sent out to a selected list the following very dignified notice:

The Hanover Safe Deposit Company invites your consideration of its superior location and excellent protection and service for the safe-keeping of your valuable property.

THE FOREIGN DEPARTMENT of the Irving National Bank of New

York, in advertising its banking facilities for members of the American Expeditionary Forces, secures the cooperation of other banks by furnishing them with circulars to send to their customers, in which the name of the local institution appears as principal.

AN UNUSUALLY strong advertisement to other banks is that used by the First State Bank of Dallas, reading as follows:

DON'T THESE FACTS APPEAL TO YOU?

The First State Bank of Dallas is the largest State Bank in Texas.

The First State Bank of Dallas is the oldest State Bank in Texas.

The First State Bank of Dallas has facilities for handling accounts second to none in the Southwest.

The First State Bank of Dallas has for the last year been building one of the most

elaborate systems for handling your cash items in the Southwest.

The First State Bank of Dallas considers it a pleasure to perform the following services in a manner highly pleasing to you:

—Make your money shipments.

—Transfer exchange to any part of the world.

—Give you whatever accommodations you may need from time to time.

—Act as a Reserve Agent for you.

—Pay you 2 per cent. interest on your daily balances.

The First State Bank of Dallas is conveniently located near the Cotton Exchange, and operates a rapid-fire service for handling your cotton items.

The First State Bank of Dallas is a member of the FEDERAL RESERVE BANK, and can give you all the advantages of that institution.

We cordially invite the correspondence of every State Bank in Texas. We want to talk it over with you.

"THE HOME BANK MONTHLY" is the name of an excellent house organ issued from the head office of the Home Bank of Canada, at Toronto. It is published in the interest of the staff and contains a great deal of matter of interest to customers of the bank and the general public.

ON ACCOUNT of its size and widespread activities, the Guaranty Trust Co. of New York frequently figures in the news columns, not only in reading matter, but in illustration. A picture of the automobile bank which carries the Guaranty's service up to the battle lines in France has received a great deal of publicity in newspapers and banking journals. Another clever piece of publicity by the Guaranty, whether planned or accidental, was the picture of the flag-bedecked front of its building at 140 Broadway which appeared in an article on "Holidays in Different Countries." This article was plated and used as "patent inside" by a large number of newspapers in smaller communities.

WRITING to *System*, a banker explains his methods of gaining new safe deposit customers:

We offer to place in our safe deposit boxes our employees' insurance policies, and, of course, their Liberty bonds and any other valuable papers they may have.

We also keep a list of the expiration dates of their fire, accident, and other term insurance policies, so that we may notify our employees when their insurance runs out. We keep this record in duplicate, one copy in the safety vault, and the other in the office.

When a policy expires, we ask the employee, and we do the same with our own policies, to take out the next one only to December 31 of that year. So gradually all the policies we take care of are coming to expire on the same day; this simplifies our records and reduces the chance of any being overlooked.

"EVERY BABY OUGHT TO HAVE A BANK ACCOUNT," starts a folder sent out by Clarence A. Lyman, publicity manager of the Security Trust & Savings Bank, Los Angeles, Cal., and addressed: "For the New Baby—Care of —." Every wise parent starts a savings account for the new baby and this is a good way to get the accounts for your bank.

A FREE employment bureau as a service for banks is thus editorially referred to in a recent issue of *The Tropical Sun*, published at West Palm Beach, Fla.:

Most people entertain the idea that banks are frigid institutions, without feeling or soul. And some of them impress you that way, especially if you owe

Raw Material Problems

ONE local manufacturer, anticipating trouble in securing raw material during the heavy movement of men and materials this spring, solved his problem in this way:

Orders for staple materials were placed in advance of actual needs, with instructions for immediate shipment.

Upon arrival in Oakland, the materials were stored in a local warehouse until needed and the purchase partly financed with warehouse receipts.

The problem of securing materials is a common one, yet offers a simple solution of financing. The ability of our office of Superior Service, "we always ready to discuss such problems with you."

Fifth advertisement of "Business and the War" series

Central National Bank

Associated with Central Savings Bank
Combined Assets Over \$14,000,000
Broadway and Fourteenth Street, Oakland, California

A good set-up of a good suggestion as to how the bank can help

them money which you can't pay on date of maturity.

We are glad to say that West Palm Beach bankers are not of this sort and one of them, T. T. Reese, president of the Farmers Bank & Trust Co., is enlarging the sphere of that bank's many activities by adding a free employment department to its service.

We believe this is rather an original idea—and one so good that it can be copied and used to good advantage by all city bankers who really want to serve the people. In the large



DETROIT TRUST COMPANY

CORNER FORT AND SHELBY STS.
OPPOSITE POSTOFFICE
DETROIT, MICHIGAN

What is a Certificate of Deposit?

It is a receipt for money deposited with us.

It draws interest from the date of deposit.

It is payable on demand.

It is negotiable.

It is issued for any amount, large or small.

It is backed by the entire resources of this Company.

This bit of educational advertising is short and to the point, but tells the whole story;

cities this work is carried on by so-called employment agencies—exploiting sharks is the proper name for them—whose chief function is to get the last dollar away from the poor devil who needs a job.

T. T. Reese is doing the kind of human service which will join his banking institution directly to the people—for after all there is no greater service than to aid those who need help at a time when they need it.

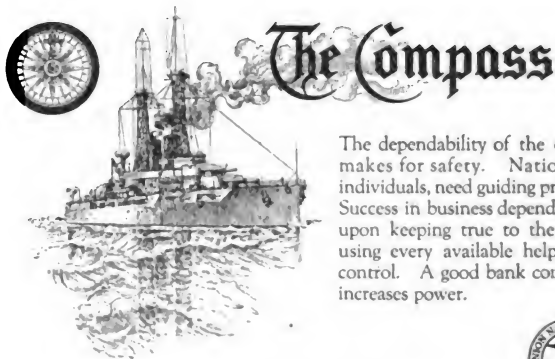
We predict that the Farmers Bank & Trust Co. will add many new savings accounts to its list of depositors before the end of the year, and the bank's free employment bureau must be given due credit for bringing at least a part of them.

THE MANUFACTURERS NATIONAL BANK, Cambridge, Mass., uses the interesting "Prophecies of Johannes the Monk; about 1600 A. D." in a little booklet, as an advertising medium.

THE BANK OF BUFFALO CLUB has started a house organ, called *The Teller*, which is said by its editor, Thos. H. Work, to be "the initial adventure in journalism of any paper published exclusively in the interest of any bank club in Buffalo." These bank papers justify their existence by filling a very real want.

THE EDITOR OF *The Big Drum*, the bank publication of the Northwestern National Bank, Minneapolis, Minn., is a real humorist. If you want confirmation of this fact, send for a copy of *The Drum* and read it carefully.

THE MERCHANTS NATIONAL BANK, Providence, R. I., has done that city a real service in the publication of an 80-page pamphlet on "Old Provi-



"The Neighborhood Bank"
Where Arch Street Crosses Third

Another good conception for a statement folder



The dependability of the compass makes for safety. Nations, like individuals, need guiding principles. Success in business depends largely upon keeping true to the course; using every available help within control. A good bank connection increases power.

dence." This pamphlet, which is another production of the Walton Advertising & Printing Co. of Boston, illustrates and describes many of the old historical landmarks of one of the most interesting of New England cities, the occasion being the 100th anniversary of the bank itself. As we have said before in these columns, no bank can do better from an advertising standpoint than to collect historical matter of this kind and put it in permanent form. The Merchants National Bank is one of the most substantial institutions in New England. It has made an enviable record in many ways and in all its 100 years of honorable life it has never failed to earn and pay a substantial dividend.



SAFETY DEPOSIT BUSINESS

A FOLDER sent out by J. C. Eberspacher, advertising manager of the First National Bank, Shelbyville, Ill., reads as follows:

Do you own a Bond, Stock, Mortgage, Note, Life or Fire

Insurance Policy, Deed, Abstract, or any other valuable papers?

There are four ways of caring for them:

1. Hide them.
2. Put them in your desk.
3. Put them in a tin box.
4. Put them in a safety deposit vault.

We ask you to put them in our Safe Deposit Vault, because:

1. It is the *safest way*. They are safe from fire and crook. In life or death only you or your authorized representative is allowed access to them.

2. It is the most efficient way. Your papers are never misplaced—always where you put them. This saves time.

3. It is the accepted way. No Safe Deposit Customer goes back to the old way of keeping valuables.

4. It is the *modern way*—our Safe Deposit Vaults and Coupon Rooms were built for your use. Our vaults and equipment are *unsurpassed* in this state, and are one of the features of our up-to-date banking office. We shall be glad to demonstrate the many advantages this service has for you. Come in. Let us show you.

Sent out to prospective renters, especially customers in other departments, the circular brought good returns, accompanied as it was by a letter from the president making a special low-price introductory offer.

ENGLISH BANKERS ADVERTISE SERVICE

A WRITER in *Printers' Ink*, speaking of the advertising in this country of Cox & Company, the well-known English bankers, and the special service offered, including the forwarding of the effects of those killed in battle and the locating of missing men, says:

One of the things that impressed the writer in going over the advertisements that are being used in the American campaign is that it has remained for a conservative English banking house to adopt service features that show enterprise of an unusual character and are distinctly foreign to banking practices. An examination of the two special services described above show that there is and can be no direct profit derived from them by Cox & Company. It is probable, however, that the directors of this progressive bank, who seem to be thoroughly alive to their opportunities, realize that in performing these valuable services for their clients, British and American officers, they are binding them and their families to their institution with veritable hooks of steel. Apart from all patriotic and sentimental motives, and regarded solely from a business viewpoint, these activities have an advertising value that cannot be measured.



The Day of the Savings Club

(Continued from page 1)

some bank or trust company. Moreover, when such patriotic investors complete payments on their bonds, many of them never having owned a bond before, it is only reasonable to suppose that they will have become so imbued with the idea of saving and investing that they will want to continue the habit of

thrift so firmly established.

So from now on savings clubs ought to flourish to an unusual degree. Most persons are rather unsystematic in their money matters and therefore the average individual finds it beneficial to put upon himself the gentle compulsion which is the result of membership in a club like this. Making a more or

less formal and binding pledge to save a stated sum regularly, he will find that he can and will save in accordance with the plan. Then there is inspiration in numbers and in the knowledge that many of his neighbors and friends, persons in like circumstances with himself, are also striving toward the same goal.

The Practice of Thrift a Vital Factor in the Winning of the War

President Wilson's Appeal to the Country

THIS war is one of nations—not of armies—and all of our 100,000,000 people must be economically and industrially adjusted to war conditions if this nation is to play its full part in the conflict. The problem before us is not primarily a financial problem, but rather a problem of increased production of war essentials, and the saving of the materials and the labor necessary for the support and equipment of our Army and our Navy. Thoughtless expenditure of money for nonessentials uses up the labor of men, the products of the farms, mines, and factories, and overburdens transportation, all of which must be used to the utmost and at their best for war purposes.

The great results which we seek can be obtained only by the participation of every member of the nation, young and old, in a national concerted thrift movement. I therefore urge that our people everywhere pledge themselves, as suggested by the Secretary of the Treasury, to the practice of thrift; to serve the Government to their utmost in increasing production in all fields necessary to the winning of the war; to conserve food and fuel and useful materials of every kind; to devote their labor only to the most necessary tasks; and to buy only those things which are essential to individual health and efficiency; and that the people, as evidence of their loyalty, invest all that they can save in Liberty Bonds and War Savings Stamps.

The securities issued by the Treasury Department are so many of them within the reach of everyone that the door of opportunity in this matter is wide open to all of us. To practice thrift in peace times is a virtue and brings great benefit to the individual at all times; with the desperate need of the civilized world today for materials and labor with which to end the war, the practice of individual thrift is a patriotic duty and a necessity.

I appeal to all who now own either Liberty Bonds or War Savings Stamps to continue to practice economy and thrift and to appeal to all who do not own Government securities to do likewise and purchase them to the extent of their means. The man who buys Government securities transfers the purchasing power of his money to the United States Government until after this war, and to that same degree does not buy in competition with the Government.

I earnestly appeal to every man, woman, and child to pledge themselves on or before the 28th of June to save constantly and to buy as regularly as possible the securities of the Government; and to do this, so far as possible, through membership in war savings societies. The 28th of June ends this special period of enlistment in the great volunteer army of production and saving here at home. May there be none unenlisted on that day.

Woodrow Wilson

Buy Thrift Stamps and Liberty Bonds

There is some good copy for thrift advertising in this appeal of President Wilson's

BUYING THRIFT STAMPS

IF the American people, says the New York "*Times*" are really in earnest about winning the war, they will cultivate what Mr. Basil P. Blackett of the British Treasury has called the "war-savings atmosphere," and when they are not investing in Liberty Bonds they will buy War-Savings Stamps and Thrift Stamps. To do either or both, according to one's means, is not possible in the case of most people without some self-denial.

No man or woman who has acquired a Liberty Bond is relieved from the duty of buying War-Savings Stamps and Thrift Stamps. Indeed, if they own a Liberty Bond, it should be a reproach not to be able to show an accumulation of stamps. To leave the stamps plan of lending money to the Government to those of narrow means and to the young people is to be careless of

the cause of America and her allies. Loose change for the stamps when a bond can be bought with dollar bills set aside for the purpose—that should be the rule.

Does the average man or woman who earns a substantial salary or good wages have any idea of the sacrifices made by the small investors in Thrift Stamps to do their "bit" in the war? It is often a story of silent heroism. If those in fairly easy circumstances emulated the very poor whose souls are filled with unyielding resolution to do their share to win the war, what a boom there would be in the Government's receipts from sales of War-Savings Certificates, War Stamps; and Thrift Stamps!

Cultivate the "war savings atmosphere," organize clubs to buy the stamps, or be a contributing member. Let no man or woman poorer than yourself make a greater sacrifice to help the Government to obtain material and service in the prosecution of the war. There is scarcely any one who cannot forego something that costs money. Lend it to Uncle Sam and he will return it to you with four per cent. interest.



THE USE OF TYPE

TYPE is little chunks of metal—wonderful tools.

The men who make type think of type as a completed thing that they have made—the end of their work.

Men who make hammers
and saws think the same way
about hammers and saws.
The rest of us think about
hammers and saws as tools

Personal delivery of statements



Our customers in the business section of the city now have delivered to them by messenger on the first business day of each month the statement of their account for the preceding month, together with their paid and canceled checks.

This is a unique service and we have reason to believe that it is one that is appreciated by business and professional men, as are the many other special ways in which we try to make banking here convenient and pleasant.

**THE
BLUEFIELD
NATIONAL
BANK**

**Bland and Raleigh Streets,
BLUEFIELD, W. VA.**

**The "Bank with a Heart" has also
a helping hand**

with which we will make something else—a house for instance.

So, to some of us, type is merely a tool, to make something else.—*Benjamin Sherborn.*



NOT A FEW BANKS are featuring the sending of money by cable to American soldiers in France, making a point of the necessary slowness of the mails to the Expeditionary Force.

THRIFT

"The Quiet Patriotism"

No waving banners nor throbbing drums accoin the great army of patriotic Americans who are steadily setting apart all they can spare from their incomes to serve their nation's need. Their sacrifices are made in silence, yet their help is not less effective than that of the men whose privilege it is to wear the uniform and follow the flag.

A Savings Bank is a Training Camp for leaders in Thrift's Army. For almost thirty years the Security Bank has sought to inculcate in the people of Los Angeles the principle of Thrift — not parsimoniousness, not stinginess — THRIFT, the systematic weighing of each dollar and each dime to see if it will serve best if spent at once, or held for a better occasion.

Because THOUSANDS have learned through this Bank, to be thrifty, MILLIONS of dollars are now being subscribed to the Third Liberty Loan. There's nothing like a Bank Account to teach a man to SAVE.

Don't be afraid to start small. A Better open a Savings Account. After this—it's up to YOU.

**SECURITY TRUST
SAVINGS BANK**
OLDEST and LARGEST SAVINGS BANK
in SOUTHERN CALIFORNIA
Security Corner San Mateo Branch
City and County First and Spring

Another thrift thought

Banking Publicity

Special Section of The Bankers Magazine

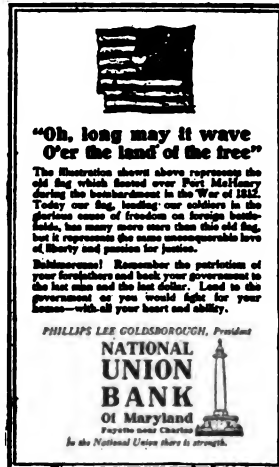
AUGUST 1918

Bank Advertising in Wartime

SOME banks—plainly a minority—are hesitating to launch forth on advertising campaigns just now “on account of the war.”

We believe this is a mistaken idea. In our opinion the reasons why a bank or trust company should advertise strongly under existing conditions greatly exceed in number and force those which can be advanced in behalf of the opposite policy.

The banks of the country have been of the greatest assistance to the Government in making the first three Liberty Loans a success. They are now coöperating strongly in the War Savings campaign. In these efforts their advertising has been an immensely important factor. In all other war service campaigns, such as those for the Red Cross, the Y. M. C. A., Knights of Columbus, Smilage, War Libraries, etc., banks have used their advertising space liberally to help along the good cause. They have advertised service in connection with the filing of Income Tax returns and the prompt making of payments to the Government. In communities where there are important war industries, such as the manufacture of munitions and the building of ships, they have helped keep up the *esprit de corps* of the



A historical and patriotic use of bank advertising space

workers by the inspiring messages they have published in their advertisements.

With the great loss in our industrial man power due to the withdrawal of millions of men for military service and the almost total stoppage of immigration for a period of years, there is increased need for general thrift and the use of the most efficient business methods. Hence the great value of what the banks are doing through their advertising campaigns for the promotion of saving and the greater use of the trade acceptance as a better credit method making for the more effective use of business capital.

The further along we get into this war the greater is the need for these things so forcibly urged by advertising banks. With so many men leaving the country for

the dangerous work overseas, the need is more apparent for the services of trust companies and safe deposit institutions. The property and interests of the men who are giving up their usual pursuits, and, in many cases, leaving dependents behind in order to fight for our country and for the freedom of the world, must be safeguarded and therefore it seems to be almost a duty for the trust companies to advertise what they are equipped to do in this respect. Does it not appear to be more patriotic to do so under these circumstances than to take the attitude that it is a time for retrenchment, therefore let us not spend any money for advertising.

The need for banking and trust functions was never greater in this country than now. By the same token, there was never a greater necessity and opportunity to advertise them properly.



Never has the future shown more wonderful possibilities or more serious dangers. There is patriotism and power enough, but the nation appears to lack the broad vision required by the times. In a large sense we must become international, not national. The “splendid isolation” of which Americans are so proud now appears to have been rather stupid.—Lewis E. Pierson.

Banking Publicity

Monthly Publicity Section
THE BANKERS MAGAZINE
253 Broadway, New York

AUGUST 1918

“OVERDRAFTS” is a good subject for an occasional advertisement. The banking authorities are getting more strict in this matter and it is the duty of banks to educate the public regarding the overdraft evil. Anyone who is entitled to overdraw, is also entitled to credit at the bank. Overdrafts are usually due to carelessness. Urge depositors to watch their check-book stubs and keep up their balances.



IF YOUR BANK is located in a small community you may find it advantageous to use in your advertising occasionally the cuts furnished by the adding machine manufacturers or makers of other up-to-date office appliances which have been recently introduced. This helps to show how well you can serve customers.



LABOR DAY is coming soon. In view of the great importance of labor in our present national situation, banks may well plan to use their advertising space at that time for special appeals to labor to maintain its speed and efficiency and to save part of its present large earnings.



IN SOME CASES a high executive officer of a bank feels it incumbent upon him

to take charge of the advertising of his institution, even to writing the copy. This does not seem like the right idea. The really successful business man always learns to delegate authority. There are enough good specialists in bank advertising so that the bank president or cashier can turn the work over to others and himself concentrate on strictly banking problems.



THIS IS THE HEIGHT of the vacation season, but while refreshing the body there is no reason why the mind cannot remain active. While pulling in that big trout, the ambitious bank man will naturally think of how he can pull in some big accounts for his bank when he gets back on the job.

A New Kind of Pride

Banks brag a good deal about growth in their deposits. We have done our share of that kind of bragging. Up to last June our deposits were growing steadily. The increase was six and a half millions in three years. Then we began our efforts to sell Liberty Loan bonds for the government. Our Bond Department has since done little else. In our efforts we did not try to spare our own deposits. We have sold the bonds during the year to 34,874 people and it has been a lost year in deposit building. We are proud of the loss. We don't regard it as a loss. Rather we regard it as one of those Canadians who were here for the Third Liberty Loan drive regarded the loss of his leg. "I didn't lose my leg. I traded it for a clear conscience."

Capital
Largest in Indiana

Fletcher

Interest on
Checking Accounts

Savings and Trust Company

Will Help You to Save Safely

N. W. Cor. Market & Pennsylvania

A new kind of pride and a new kind of advertising—very effective too

The coming fall is going to be an active one in the banking line. Plan now to do some aggressive advertising. It can't fail of results.



THERE IS A CERTAIN code of ethics about bank advertising which renders it *infra dig.* to appropriate another's advertising ideas without permission or without giving credit, and we are proud to say that it is very rarely indeed that instances of a disregard of this code have come to our notice, but here is an actual instance. A solicitor for an advertising agency called upon a trust company in New York State and called attention to a special advertising plan which had been prepared by the agency and

which had worked out satisfactorily for its client. "Why, that plan didn't start with you," said the trust company man, and he produced a clipping of a newspaper advertisement of a trust company in another state embodying the same idea and using identical language. However, it was easy enough to convince him that this was a "steal" from the original, and he agreed that "imitation is the sincerest flattery."



A SPIRIT which may well be incorporated into a bank's advertising is illustrated by the remarks of President E. W. Decker of the Northwestern National Bank of Minneapolis, who in a recent number of "System" said:

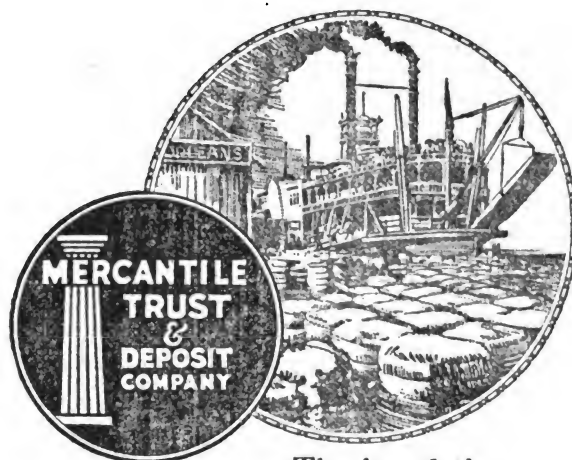
Among our customers are many young concerns who have come to us for assistance. They have been very frank and we have found their figures and statements correct in detail. Their assets were good for the loans required although their capital was small. They have taken care of their obligations promptly as they have come due, either in part or in total. We know their business, their methods, and their prospects.

It is to our best interest to give these firms every possible bit of assistance. By extending credit to enable them to take advantage of discounts we have made it possible for them to earn additional profits. As these firms grow, their business with the bank naturally increases. They become profitable customers to us and the bank becomes an important factor in the successful operation of their businesses.



THE ADVERTISEMENT of the Boston Penny Savings Bank, reproduced in this issue, shows

how hard it is for the old line savings banks to get out of the rut. This ultra-dig-nified copy occupied expensive space on the front page of a Boston newspaper. Few of the great New England savings banks, with their big assets and careful management, which would make the strongest kind of appeal to money savers, have taken advantage of the great opportunity at this time to gather in the savings of the community. Moreover, the attitude of many of them has been one of discouragement rather than encouragement of new accounts. Meanwhile many smaller and weaker institutions have been building up their deposits at a rapid rate.



The foundation for Industrial Credit

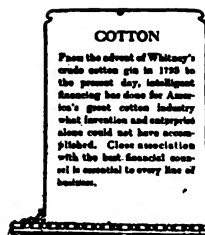
Buying raw material at a close price may be very important to your business.

Sometimes you may need to buy more heavily than usual in order to take advantage of the market.

If your bank already knows the conditions surrounding your business, it can intelligently and promptly act on your request for funds.

The "Mercantile" aims to maintain a close association between its officers and depositors.

MERCANTILE TRUST & DEPOSIT CO.
118 BROADWAY
(Member Federal Reserve System)



This ad. illustrates the modern constructive idea in bank advertising

A GOOD SPIRIT of coöperation is manifested in a paragraph of a letter sent out to stockholders by the world's largest trust company. It reads:

As a stockholder, you are naturally interested in the success of the Guaranty Trust Co., and we want you to know that we are endeavoring to develop your company along broad and constructive lines; to enlarge our facilities so that we may render service to our customers as well as make profits for our stockholders; and also to pursue a policy that will make us important factors in furthering the nation's interests.



TAKING CARE of Liberty Bonds is an increasingly important task as there are now millions of



Exchanging old coins for Thrift Stamps and how it worked out—a new patriotic idea by the Old National of Spokane

bondholders. The suggestions made in the advertisements of many prominent banks are good ones and many banking institutions are offering such service to the public.

How Banks Are Advertising

In these columns each month current publicity matter will be reviewed and criticized

THE OLD NATIONAL BANK of Spokane sends this department a photograph and newspaper advertisement describing a praiseworthy campaign the bank is making to convert old coins and pocket pieces into War Savings stamps. They are reproduced in this issue as a suggestion to other banks. Vice-President Vincent writes that the

people have taken to the plan enthusiastically and the bank received hundreds of old coins and curios before the time set, National War Savings Day. "We believe the plan may be effectively adopted by many other banks of the country," says Mr. Vincent, "as it is distinctly novel and attracts much favorable consideration and appeals to the imagination of those who are buying War Savings stamps."

SOME BANKS are using the coupon idea in a larger way. That is, they appreciate the fact that the average person is a poor letter writer and that to provide him with a questionnaire with blank spaces for answers is an easy way to

get him to respond to advertising efforts and thus put his name automatically on the follow-up list. The Bankers Trust Co., New York, uses a folder entitled "The First Step," which makes it easy to set down the facts necessary for your lawyer to know in drawing your will. It also has a blank to secure data as to the cost of the service of safekeeping securities. There is a psychological value to such advertising ideas.

"THE STORY OF A COMPLETE BANKING SERVICE" is the title of a portfolio containing a fine collection of newspaper advertisements by The Northern Trust Company of Chicago.

A CLEVER way to show how interest grows as the principal grows is shown typographically by the ad. of the Northern Savings Bank of St. Paul.



IT IS REALLY remarkable the way the banks of the country are boosting the trade acceptance movement, and undoubtedly much of the impetus given the idea lately may be credited to the bank advertising regarding it.



AN OFFICER of a prominent New York trust company says that the volume of trust business coming to it in the past three months is greater than has been secured in any previous period of the same length. He attributes the growth partly to advertising because in some cases the advertising is keyed in such a way that results can be traced.



THE MELLON NATIONAL BANK of Pittsburgh in its advertisement, "Competent Directors," illustrates a kind of bank advertising which ought to be more common. People like to know who is back of the bank with which they are asked to deal.



"THE HEALTH OF YOUR ASSETS" is the title of a splendid little ad. by the Bluefield National Bank, Bluefield, W. Va. The medical figure is carried out throughout. Our only suggestion would be that perhaps the use of the

"R" with the crossed tail used on physicians' prescriptions might have helped to carry out the idea further.

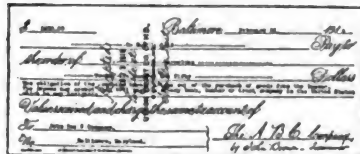


A UNIQUE IDEA was that of the Colonial Trust Co., which some time ago reproduced the first city directory of Pittsburgh, issued in 1815.



IT IS BECOMING increasingly common for banks to run signed advertisements, that is, advertisements having the name of the president or other officer at the bottom. Sometimes a signature cut is used reproducing the exact handwriting of the officer. Undoubtedly this adds interest and effectiveness to the advertising.

Everybody should be interested in trade acceptances



A trade acceptance is a simple device for financing commercial transactions. Briefly stated, its advantages are that it

- verifies the account
- puts immature credit into negotiable form
- gives stability to commercial credits
- makes capital more effective.

The consumer, the merchant, the jobber, the manufacturer, the banker should all be interested in the trade acceptance because its general use will tend to reduce the expense of doing business and consequently the cost of living.

UNION TRUST COMPANY

Baltimore



The banks are co-operating enthusiastically in the work of educating the public to the use of Trade Acceptances

THE SERVICE FLAG idea has been used by quite a few banks, but the Union Trust Co. of Pittsburgh has gone a step further. It has published a booklet, "Over There and Over Here," containing letters from its employees in military service.



A USEFUL little booklet is "Personnel of War Industries Board and Functions of War Finance Corporation," recently issued by the American Exchange National Bank, New York.



THE SECURITY TRUST AND SAVINGS BANK, Los Angeles, has issued a good "Banking by Mail" booklet. It sets forth clearly all the necessary information for

doing business with the bank through the mails, including instructions as to opening accounts and explanations of special accounts, certificates of deposit, tax exemptions, etc.



FINANCIAL ADVERTISERS ASSOCIATION

AT the annual convention of the Associated Advertising Clubs of the World, held at San Francisco, July 7 to 11, the Financial Advertisers Association took its usual prominent part. The program will be given special consideration in the next issue of *Banking Publicity*.



"THE LIVE WIRELESS"

OUT in Northboro, Iowa, there is a bank cashier by the name of Frank T. Nye who gets out a very interesting monthly publication called *The Live Wireless*, which lives up to its name, and serves as a good advertising medium for the First National Bank of that place.

As a matter of fact, Northboro is so small that it doesn't boast a newspaper—not even a weekly. But *The Live Wireless*, issued once a month as a 16-page booklet with a cover, does very well, and is infinitely more interesting than the average country weekly with its "patent insides."

There is human interest in *The Live Wireless*, as we propose to show by a few extracts from its articles and advertisements.

For example, read these two signed advertisements:

If the Comptroller of the Currency

had called upon us a few days ago for one of the Statements which he requires five times a year, he would have found us with deposits aggregating

\$2,568,905.65

That's a tidy sum and if you will figure it out, you'll find that it's over \$116.00 for every man, woman and child in Middletown—counting the 2,000 unfortunates whose home addresses are not Middletown.

But then, of course all our depositors haven't the good fortune to live in this city. They are scattered all over the state and even in faraway Montreal we have one highly valued and devoted depositor.

Any way, we feel very proud of our large Deposit Account, because it is a very tangible expression of the confidence and the goodwill of one of the most prosperous, the most discriminating and the most loyal communities in all the big World—and that means a lot, these days.

THE MIDDLETOWN NATIONAL BANK

An example of intelligent and effective advertising from an old but up-to-date Connecticut bank

100 PER CENT. EFFICIENCY

Mr. Farmer, you have barns for your live stock, cribs for your corn, granaries for your oats and wheat, sheds for your implements, garages for your automobiles, you have offered protection for everything on your place, but, if you have not provided a safe place for your

VALUABLE PAPERS

such as cancelled checks, receipts, leases, contracts, deeds, abstracts, and others, you have neglected a most important part of your business.

MAKE your protection 100 per cent. efficient. Rent a Safety Deposit Box of the First National Bank of Northboro and store all your papers in it.

FRANK T. NYE, Cashier
LET UNCLE SAM MAKE YOUR DEPOSIT

Put your check in an envelope addressed to the First National Bank of Northboro, Iowa, drop it in the mail box, and Uncle Sam will do the rest.

Your deposit receipt will come to you by return mail, together with a refund of the postage used in this connection. You have profited, because you have

saved your time for something and a farmer's time now is most valuable to himself and to Uncle Sam, and because you have received credit at the bank, and have thereby increased your bank balance, and have also reduced to the minimum the chance of losing on the collection of the check.

Many of our farmer customers send in their checks by Uncle Sam.

W. H. LONGMAN,
Assistant Cashier First
National Bank,
Northboro, Iowa.

Mr. Nye is an insurance agent, too, and is clever in advertising that feature of the business, as witness this:

APOLOGY TO GEORGE WOODLE

Yes, George, you are right. I did call those white-face cattle that your dad is so proud of, I called them short-horns instead of white faces. Now I will explain: I had argued with your dad to insure those high-priced cattle, George, against lightning, but he said no. Then I talked with a man who had short-horns and he said yes. That is how I got mixed up on the deal. The Company is

carrying the risk for the short-horn man, and your dad is carrying his own risk. The lightning, George, is an untrained proposition, and will hit a white-face just as soon and as hard as a short-horn. The difference is that if it hits a short-horn, the Company pays the loss, and if it hits one of your dad's white faced ones, J. A. will have to stand the loss. Now, George, if you have the financial interest of those white-faces at heart, why don't you go to some live insurance agent and place some insurance on them?

Here are some of the spicy editorial paragraphs:

Well, in the December issue of *The Live Wireless*, the editor made an error in listing the name of J. D. Henderson for \$150 worth of Liberty Bonds, when it should have been listed for Russell, Eunice and June Henderson at \$50 each. You would have thought Russell, Eunice and June would have done the kicking, wouldn't you? Well, Jess Henderson came to the sanctum of *The Live Wireless* and did the kicking himself, and wanted to know what that "Wireless Rig" meant by making that blunder. The editor was cussed for the first time in his life as an editor. It seems that the children jumped their daddy pretty hard for the blunder, and that is why he got after the "Wireless Rig." Well, Jess, I have corrected the error now, and it is now up to you to buy Liberty Bonds in the next issue. The chance will be open.

It is time for *The Live Wireless* to make a sworn statement of its condition, financially. Well, financially the "Wireless Rig" could stand a little Bond Issue of its own. It has 500 subscribers, and if all of them would come across for a Life Subscription like John Woodie and Bill Gell did, that would be a nice little sum. It is a cinch the Income Tax collector will find scant pickins at the office of the *Wireless*. The net income isn't what is troubling this institution, it is the net outgo.

There is real humor in this matter, typical of the great Middle West which has produced Mark Twain, George Ade, Ed. Howe and William Allen White.



GOOD ADVERTISING MATERIAL

THE wide-awake bank man who prepares his own advertising matter or supervises the work of the individual or concern who does prepare it, can find a lot of good material in the current magazines, both for commercial and savings account advertising, especially in biographical sketches. For instance, in the last December issue of *World's Work*, there is an article in which John G. Shedd, head of Marshall Field & Co., is quoted as attributing his success to the habit of saving which he acquired as a youth. Part of that article is as follows:

The first time the advantage of saving was forcefully brought home to me was when, as a boy, a small pamphlet fell into my hands showing how a dollar in the savings bank would grow; and how much a dollar a week, two dollars, and five dollars a week would amount to in a few years at compound interest. I put the pamphlet in my pocket and profited by it. I still think the use of the savings bank is the best aid to saving. If our young men can be taught to save, between the ages of eighteen and thirty, the money that they do not then need to spend, they will never have to wear trousers frayed at the heel in their old age. It is much better for them, for their families, and for the country, that they wear frayed trousers before they are thirty, than after. The man who does not start saving while he is young usually never does start. He is always jump-

INCORPORATED 1861

The Boston Penny Savings Bank

1375 Washington St., Boston
Opposite Cathedral

Resources

Over Thirteen and One-Half Million Dollars

Money deposited on or before Wednesday, July 16, 1914, will draw interest from that date.
Deposits Received from One Dollar to One Thousand Dollars

The last interest dividend was at the rate of 4 1/2 percent compound interest.
Checks for dividends mailed to depositors when requested.
Deposits may be sent by mail.

Still in the old rut

ing around from place to place. You can place less dependence on him; he is a poorer citizen.

In addition to being protected from want, the man with savings is in a position to take advantage of opportunities as they arise. Opportunities come to those who are able to grasp them. One of the things I fear most in this country is the growth of paternalism. That means the leveling of endeavor, the quieting of individual initiative and ambition. With our great business organizations and vast possibilities for growth there is a greater need for individual ambition in this country than there has ever been. If we can educate our young men to organize their lives with a definite plan for savings, we will have men with ambition to grasp the opportunities and with means and ability to carry out the work.



AN INSTRUCTIVE WAR CHART

THE American Exchange National Bank of New York is sending out an attractive colored chart which gives in condensed form a surprisingly large amount of historical and statistical information about the war. Each nation's flag is represented in appropriate colors, the portraits of the respective rulers are given, the languages of the warring powers, and a large amount

of statistical data relating to area, population, etc. This informative piece of literature is called "Transatlantic War Chart," and it was compiled by W. Ray Loomis.



AGAIN AWARDED FIRST PRIZE

THE Irving National Bank of New York has again been awarded first prize for the year's best advertising and publicity display, and also for the best single piece of advertising copy exhibited by the Associated Advertising Clubs of the World, in convention at San Francisco. The judges complimented the Irving National Bank highly because of the completeness and thoroughness of its display, and recommended the style employed to other American banks.



A SAVINGS LETTER

AN unusually good form letter is one used by the Bank of New Richmond, New Richmond, Wis., as follows:

DEAR SIR:

A dollar in this bank is worth two in your pocket or in many so-called "investments," because it is safe and sure to earn interest.

The dollar in your pocket will be spent and you are going to lose its earning power FOREVER. The same may be true of your unsafe investment. Why not choose the better way? Start a savings account at the Bank of New Richmond today!

Send your deposit to the

Bank of New Richmond by mail if you live where it is not convenient for you to come into the bank personally.

Suppose you want to start a savings account. Send the money by draft, check or money order in regular mail. Cash should be sent by registered mail. We will send you a pass-book with receipt, and also signature card for you to return to us. Then the pass-book is mailed back and forth as deposits or withdrawals are made.

Millions of dollars daily are in the United States mails. Rarely is a cent lost—almost never when the proper precautions are taken. Many depositors of the Bank of New Richmond do

business with us by mail. They both deposit and withdraw money without ever coming near the bank.


In the Bank of New Richmond's thirty - nine years of experience, it has no record of a single loss in the entire and extensive transactions of business by mail, with savings depositors, or banks, or business houses.

This safe and easy plan is especially convenient for savings depositors who live at a distance and yet want to enjoy the safety and profit to be obtained by keeping their money at 4% in this strong old bank whose motto is "Safe, Solid, Sound and Sure."

Very truly yours,
J. W. McCoy, Pres.

The Bank of the People

-for the People
-by the People



YOUR PATRIOTISM...

On this anniversary of the birth of our nation, your patriotism should be expressed in an unusual way. Fireworks, shouting and the waving of flags have their place. At this critical time, however, our thoughts should be concentrated upon the needs of the nation. Let us all now rededicate ourselves—our ability, our time, and our money—to our country. We must fight to a finish and we can accept no peace that does not respect and preserve the rights of all.

LINCOLN NATIONAL BANK

19 MAIN STREET WEST

A Fourth of July ad, excellent in thought, wording and typographical display

Banking Publicity

Special Section of The Bankers Magazine

SEPTEMBER 1918

Financial Advertisers in Convention

ALTHOUGH wartime conditions reduced the attendance at the annual convention of the Financial Advertisers Association at San Francisco in July those who came came for a real purpose and made up in enthusiasm what they lacked in numbers.

Gov. Lynch of the Twelfth District Federal Reserve Bank said in his address of welcome that a long time ago some banks in San Francisco undertook to do general advertising and they failed. Evidently the other banks of the city considered this a case of cause and effect, for the terrible fate of these advertising banks seems to hang over the others as a fearful warning, despite results attained by thousands of institutions everywhere by intelligent advertising methods.

However, the indifference of the San Francisco banks did not mar the success of the convention. The newspapers gave it a large amount of publicity, the speakers were far above the average and the display of advertising matter was the largest of any Departmental represented by the Advertising Club, the exhibit being 8 feet high and 112 feet long. This display could have been doubled, had there been available space.

Naturally at this time the addresses had much to do

Columbus 1492 Columbia 1918

Columbus found a path across unknown seas to a new continent because he had faith.

He had a set purpose.

He believed in his mission.

Adverse winds, uncharted currents, internal discord bordering on mutiny, and long weary days of strained eyes to the West would have killed the spirit of a weaker man. But Columbus had the faith and consistent courage of a pioneer. "History" holds him as the Great Discoverer.

In the four centuries since Columbus set sail a new nation out of the West has grown strong and great through faith—faith in her fighting men—faith in her wonderful women—faith in her splendid future. The modern personification of our faith is Columbia.

At the beginning of 1918 Columbia set the sails of our Ship of State on a new course back over the seas to the East at the end of which lies Peace. There will be days of storm and stress, a disloyal few of the crew will grumble and murmur; others will brave the lightning and the tempest and be swept out into the Unknown Sea, but Columbia will hold firm to her faith.

In October, 1492, was discovered a New World.

In October, 1918, Columbia may discover another New World of Peace and International Harmony.

You and I—sailors on the great ship America—must hold true and stand watch that Columbia's faith may not be in vain.

As never before we must work, save and sacrifice as evidence of our faith in the future of America.

The Savings Bank of Ulster

A timely suggestion for Columbus Day Advertising

with the subject of war finance advertising and the patriotic spirit of helping win the war was of course uppermost.

BANK ADVERTISING IN WAR TIME

Edwin Bird Wilson's address on "The Relation of Bank Advertising to War Finance" was well received. "Before the war," he said, "the majority of bankers looked upon savings accounts chiefly as so much deposits and a source of rev-

enue for the bank. A minority of the bankers clearly saw the economic value of savings accounts to the immediate community. A few of wider vision really comprehended the vital value of the people's savings to the Nation. That was before the war. Now what have we? The whole banking fraternity and the whole advertising profession comprehending the significance of thrift as a vital necessity to the Nation at war, its great benefit to the Nation at peace. The whole bank advertising profession actively engaged in thrift propaganda—not simply for the sake of building up the deposits and earnings of the banks, not with any narrow, selfish viewpoint of by-gone days, but with the big, generous, patriotic American motive of strengthening the hands of the Government, helping to win the war for world freedom, and preparing for world reconstruction."

The Americans are learning rapidly to save and to save intelligently, with an appreciation of its true economic meaning. Continuing, he said:

SIGNS OF THE TIMES

Here and there in the financial field we see a high-flung signal revealing that some banker has obtained a longer view than his fellows and is shaping his business conduct accordingly. For instance, the Society for Savings in Cleveland has recently established a Bureau of Home Economics

(Continued on page 130)

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

SEPTEMBER 1918

BANKERS who imagine that they ought not to advertise now because we are at war—there are a few such—should consider the action of the British Government in regard to the advertising of industries taken over for war purposes. They were allowed an advertising appropriation, and British newspaper and trade journals are carrying column after column of advertising about goods which cannot possibly be bought now, but which will be available after the war is over. The Government policy is to recognize the principle that good will, built up by advertising, is as much of an asset of a business as its factory, plant or book accounts. Don't do anything to retard the development of goodwill for your institution. Even if you are doing about all the business you can handle now, keep your name and services before the public, whose memory is short in such matters.



RIGHT ALONG THIS LINE. it is interesting to note what President Wilson thinks of advertising in these times. He noted the vital part taken by advertising in developing America's prosecution of the war in his telegram sent to the convention of the Associated Advertising Clubs of the World in San Francisco last July. Here is his message in full:

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Permit me to express very genuine interest in the success of your great convention in San Francisco. I realize how squarely and spontaneously the advertising men of the country have stood behind the war. I want in particular to bear witness to the service which advertising has rendered in directing the prosecution of the war through what it has done for the sale of Liberty bonds and War Savings Stamps and in behalf of subscription funds for the Red Cross and the Y. M. C. A., not to speak of many other forms of service.

It was with real satisfaction that I created, by executive order, the Government division of advertising, as a part of the Committee on Public Information. The men appointed as members of that division are all members of your organization and the work that has been

done has been of a far-reaching service and value.

I recall my pleasure in attending your convention in Philadelphia two years ago and can, therefore, fully appreciate the patriotic fervor that will mark your present meeting and the sound counsel which will guide its deliberations.



THIS MONTH a group of advertising men of the Associated Advertising Clubs of the World is to meet in New York to map out a definite campaign for promoting world trade after the war is over. Many banks are farsighted enough to be advertising now to urge the business men of their communities to look into foreign



THE FIRST NATIONAL BANK OF BOSTON
100 Federal Street, Boston, U. S. A.

Capital, Surplus and Profits
\$26,000,000

FOREIGN TRADE

OUR Foreign Department, assisted by our Buenos Aires Branch and extensive banking connections throughout the world, has adequate facilities for transacting your foreign banking business intelligently and efficiently.

Consult us regarding foreign financial or trade transactions in which you are interested.

The First National Bank of Boston

COMMERCIAL SERVICE

OUR Commercial Service Department, in connection with the development of foreign and domestic trade, will furnish merchants and manufacturers with information concerning trade conditions; and assist in obtaining reliable foreign representatives. You are invited to make use of our facilities.



Buenos Aires Branch
1000 Montevideo Street, Buenos Aires, A. R.

The First National Bank of Boston is vigorously advertising its Commercial Service and Foreign Trade Departments

THE BANKERS MAGAZINE—BANKING PUBLICITY

trade opportunities now and to plan for the time when the United States will have twenty-five million tons of shipping with which to carry on trade to the four corners of the world. This is a time to advertise the facilities of your Foreign Department if you have one, or your connections with larger banks which have facilities for handling foreign trade and exchange.



WAR TIME industrial activity in many cities has given some local bank the cue to boost its community and itself by advertising graphically the facts concerning mobilizing of industry in the vicinity. This is particularly true of Philadelphia, Pittsburgh, Seattle and Los Angeles. It is a good idea, as it helps to keep our workers "on their toes" to do their bit for Uncle Sam, and makes the people of the community feel that they are citizens of no mean city.



A RECENT STATEMENT shows that between July 1 of last year and July 1, 1918, deposits in the New York savings banks had decreased from \$992,128,935 to \$983,316,211; while during the same period the number of depositors had increased from 1,495,996 to 1,517,246. This seems pretty good after three Liberty Loan campaigns and six months of a War Savings Stamp campaign. It seems to indicate that saving to invest in Government securities does not



"SEND US MACHINERY, farm implements—the latest, the best that can be made," came back the call of the pioneers of the Northwest; and there grew up in Minneapolis a great business in the manufacture and distribution of machinery and tools.

This fundamental industry has become an important part of the strength of the Northwest. Its vigor has entered into the bone and sinew of The Northwestern National Bank. Representative men who have made the implement, machinery and hardware business a notable success have long been members of the board that has made a conspicuous success of the affairs of this bank

The Northwestern National Bank

Minneapolis, Minnesota

Resources \$53,000,000

Timely and vigorous in wording and illustration

interfere seriously with other saving, and it augurs well for the continuance of thrift after the war, but then it will be the banks and not the Government which must assume the burden of educating the people along those lines through advertising.



THE BANKS and the newspapers are giving a great deal of free service to the Government in the way of patriotic advertising. They will continue to do it, probably in larger measure than ever, for the Fourth Liberty Loan. And now the Committee on Public Information is asking advertisers and advertising agencies to cooperate in advertising the United States Employment Service of the Department of Labor, which is striving to meet the labor supply problem effectively.

How Banks Are Advertising

In these columns each month current publicity matter will be reviewed and criticized

THE AMERICAN EXCHANGE NATIONAL BANK, Broadway and Cedar Street, New York City, has a glass-covered collection of war photographs in a frame on the front of its building. There are also clever W. S. S. and Liberty Bond advertisements there to attract the attention of passers-by on Broadway.

OFFERING in its local newspaper advertisements to pay a premium of five cents for every fifty pennies received brought astonishing results for the Exchange National Bank of Spokane, Wash. One man brought in a cigar humidor containing the penny savings of his family for fifteen years. There were 1,800 pennies, which, with the 10 per cent. premium,



A City of Ships and Shipbuilders

THE present shipbuilding program at Los Angeles Harbor calls for construction of fifty ocean-going steamers, ranging in size from 3500 to 9500 tons each. Approximately \$4,000,000 has already been invested in the equipment of plants and the aggregate cost of ships being built, or contracted for, now reaches the huge sum of \$74,900,000.

To successfully complete this program, four shipbuilding companies are operating day and night, and over 10,000 American workers assist in speeding up construction.

The constant growth of Los Angeles Harbor is comparable with the steady, persistent growth of this banking institution during the past twenty-seven years—from 64 patrons and a capital of \$100,000 in 1890, to 60,000 patrons and a capital of \$1,600,000 in 1918.

The resources of this bank exceed \$25,000,000.

Guaranty TRUST & SAVINGS Bank
Spring of 1918 *Los Angeles*



Ships

THE Port of Los Angeles is rapidly becoming one of the great shipping centers on the Pacific Coast.

At the opening of the Panama Canal the net tonnage of ships entering the harbor had increased from 356,000 tons to 2,769,000 tons, the value of the commodities, exclusive of lumber, being over \$80,000,000.

Later statistics show that over a period of twelve months 2774 vessels entered the port with merchandise amounting to over 2,150,000 tons. Over 14 foreign countries were represented at different periods by vessels with a combined net tonnage of 3,222,000 tons, while the revenue from Wharfige, Pilotage and other fees was over \$114,000.

Having keen, capable business men at the head of affairs the Guaranty Bank is constantly keeping pace with the growth of the Los Angeles Shipping Industry, and the steady increase in the number of our patrons testifies to the confidence in which this institution is held by the people.

The resources of this bank exceed \$25,000,000.

Guaranty TRUST & SAVINGS Bank
Spring of 1918 *Los Angeles*

Highly interesting and attractive advertising copy may be made from facts and figures such as these

netted him \$19.80. Though the bank made the premium offer not for advertising purposes, but to get the pennies, which it needed, the result was a very good advertisement, inasmuch as six or seven hundred persons were brought into the bank, most of them not regular depositors.

"BATTENING DOWN" is the nautical title which is given a good savings booklet issued by the Lake Marine Savings Department of the Cleveland Trust Co. The booklet is appropriately illustrated and is written in a style to appeal to the sailor man, who is a mighty important citizen in these days.

THE FEDERAL FARM BANK does not seem to interfere with banks lending to farmers. The First National Bank, of Bemidji, Minn., advertises, "First mortgage loans on farm property

owned and operated by reliable men who are improving their property can be negotiated through the First National Bank."

A CLEVER SAVINGS ANAGRAM was given in a recent number of the *Home Bank Monthly*. It reads as follows:

Seek the coins you spend on fun
 Add each to other one by one,
 Value to the total add
 Interest to interest.
 Never spending on the sly;
 Gaining day by day they lie,
 Savings earning interest.

%
 Add to that you now possess
 Cash in dimes and pennies too;
 Cumulating interest.
 Only add and add and add
 Until cents to dollars grow;
 Now for you a fortune's made,
 That's the thing for you to do.

WHEN a convention of commercial travelers was held in its city recently, the Bluefield National Bank of Bluefield, W. Va., presented each delegate with a lead

pencil mounted on a card bearing this message:

MR. TRAVELER,

Here is a Lead Pencil

The Bluefield National Bank takes pleasure in extending a warm welcome to you and your brother U. C. T's.

We will be glad to have you call to see us while in the City if we can be of any assistance to you, if you need a check cashed, and will perform that service for you in order that we may become better acquainted, for our mutual advantage.

JUST AFTER DRAFT MEN had been called recently, the First National Bank, of New Haven, Conn., published this advertisement:

Draftees: Store Your Valuables in our fireproof, burglar-proof Safe Deposit Vault. You can turn your key over to your relatives, or to us, or carry it yourself.

Just the place for deeds, Storage also for larger pack-wills, jewelry and other valuables. Rental per year, \$5. ages, such as grips, cases of silver, trophies, etc. See the vault, anyway.

A CIRCULAR DESIGN in an advertisement always attracts attention, probably because it is much less common than square or oblong effects. A good illustration of this is the advertisement of the Third National Bank of St. Louis, reproduced herewith in reduced size.

THE FIRST NATIONAL BANK OF BOSTON is one of the big American banks which is going after foreign business hard. We reproduce a particularly effective piece of copy, illustrated by pictures of its home building and that of its Buenos Aires Branch.

THAT ADVERTISEMENT of the Northwestern National Bank is typical of the spirit of the great Northwest and the handling of the copy reflects credit on the man responsible for it.

AN INCREASING NUMBER of banks are installing New Business Departments and are making systematic efforts to cultivate present and prospective depositors. The realization is becoming more general that it is both patriotic and profitable in these times to cultivate business intensively, and to do that certain machinery is necessary—such machinery as is provided by a New Business Department.

THE MANUFACTURERS NATIONAL BANK, Cambridge, Mass., believes in advertising itself by advertising its locality as an advantageous location for manufacturing and business industries. It has published in a large folder a bird's-eye view of the business section of Cambridge, with an index to the 150, more or less, prominent

A SAFE DEPOSIT BOX Would Have Prevented This

*From
Yesterday's
Paper:*

LIBERTY BONDS STOLEN

Long Beach, July 23. — Liberty bonds and other securities valued, according to the police, at \$100,000, were taken from the home of Mrs. Jennie Endsley here last night during the absence of the owner. This was revealed today when a box containing apparently all of the securities was found on a lawn near the Endsley home. Many of the papers, according to the police, were negotiable.

THE SAFE WAY

This unfortunate affair would not have occurred had the papers been kept in a safe deposit box.

An entire section of the Farmers and Merchants Bank devoted to the Safe Deposit Department. Fire and burglar-proof boxes at a nominal rent. Attendant at your service from 8 a. m. to 6 p. m.

THE FARMERS AND MERCHANTS BANK

Main at San Joaquin

"Bank of Good Service"

MEMBER FEDERAL RESERVE SYSTEM

Renting safe deposit boxes to Liberty Bond owners is a fruitful subject for vault advertising just now

manufacturing and business concerns in the district. E. H. Marsters, the president of the bank, has been a manufacturer himself and knows what the manufacturer looks for in deciding upon the location of his factory.

FRANK WILSON, publicity manager of the Guaranty Trust & Savings Bank, Los Angeles, Cal., sends this department proofs of a couple of ads, which are reproduced in this issue. Mr. Wilson believes that this style of advertising gains much more attention than "ordinary everyday talk on 3 or 4 per cent." and the appearance of this copy brought him many appreciative letters. Mr. Wilson sends them along, hoping they may give an idea to some other "hard-assed ad man."

AS AN ADVERTISING FOLDER the Sacramento Bank, Sacramento, Cal., gets out a card at the various comptroller's calls, showing the main features of the statements of the banks of the city, with its own figures in heavy type.

THE CUT-OUT of "The Million Dollar Yearling" reproduced in another column was used by the Live Stock National Bank, North Portland, Ore., to announce its first birthday, June 6, 1918. "Organized shortly after our entrance into the war," it says, "we feel that a real patriotic service has been rendered. Not only have we given country banks unusual assistance in handling their live stock transactions but our Agricultural Department has helped over 34

banks to promote better farm conditions through organizing pig clubs, calf clubs, sheep clubs, corn contests, dairy improvement and feeding programs." That this program has paid is indicated by the fact that on its first birthday the bank had deposits of \$1,223,000.



Financial Advertisers in Convention

(Continued from page 225)

whose sole business will be to study the managing of family finances and to discover, if possible, how incomes may be conserved for the benefit of the family, the immediate community and the Nation. The managers of this great savings institution have looked farther out into the future than the majority of bankers, but in many other quarters we see evidences of alertness, signs of recognition by bankers of a larger duty to the public than the mere collecting and safe-keeping of its savings and the extension of credit. For example, the second oldest national bank in the United States, the First National Bank of New Haven, maintains an agricultural department, under the management of a government-trained expert, to teach the people of Connecticut how to produce and conserve food. In the West, that circumstance would not be particularly noteworthy, but you can imagine that it took some foresight, even courage, for a dignified, old-school bank beside the campus of Eli Yale to advertise the promotion of calf clubs, sheep clubs and pig clubs. However, the announcement did not create unfavorable criticism or undue surprise, even in the classic shades of the university city. On the other hand, it was welcomed as an evidence of the bank's earnest desire to be of practical help to the public in these war times.

JUDICIOUS EDUCATIONAL
PUBLICITY

Harvey A. Blodgett, in

OLD

Are You Preparing for the Fourth Liberty Loan?



Seventeen millions of men, women and children bought Liberty Bonds of the third issue. Twenty-two millions hold bonds of the three issues. At least twenty millions will buy bonds of the fourth issue in early October.

Liberty Bonds have changed this nation from one of a small number of large investors to one of a large number of small investors. By foregoing luxuries its people have saved huge sums which have already become the means of turning the tide of the war in our favor.

The next loan may be a peace loan instead of a war loan. You should have a share in it because it will likely have a greater significance than any previous loan. It may be the loan that will free millions from the iron hands of autocracy.

Of course, we are going to win this war, for there is no such word as "defeat" in our national lexicon. But the United States of America does not mark time. What other nations would do in two or three years, the United States will do in one year. If world peace can be had only through the force of arms, why not have it in the shortest time possible?

As an American you will soon be asked again to invest in Liberty Bonds, and you cannot afford to pass up lightly this important duty. But how can you make your next investment if you fail to make preparations now?

Determine early the greatest amount of bonds you can take of the fourth issue. Begin to save at this bank now and be ready when the time comes. Let true patriotism guide your conscience to self-salvage. It will save the valuable time and energy of your fellow-citizens during the campaign and make you master of that portion of responsibilities which you are destined to share.



The United States is founded on the principle that all are for one and one is for all. If your support comes in that spirit it is as important as is the spirit of multitudes in unison.

OLD STATE NATIONAL BANK

OLD

OLD

The Old State National Bank of Evansville, Ind., is doing some of the best patriotic advertising in the country

his address on "When the Banker Discovers His America," dwelt upon the absolute necessity of the bankers gathering in the savings of the people, not only to finance the war, but to provide for the unprecedented requirements of the recon-

struction period. Continuing, he said:

I venture to say that nearly 50 per cent. of the savings and checking depositors of the nation's banks are absolutely inefficient. Judicious publicity, administered with a policy, is the only means by which a bank may find a closer point of con-

tact at frequent intervals with all its depositors and discover to them the benefits of ever-growing relationships with a good bank. And yet comparatively few banks go about this necessary work seriously. It is hardly consistent for a bank to fritter away its advertising appropriation on desultory ventures when so much can be accomplished in promoting the efficiency of those who have already committed their interests to it, but who have much to learn, and possess much latent power awaiting the magic touch of inspiration.

And he quoted H. Gordon Selfridge, the big London department store proprietor, on war conditions:

Do I believe there is any reason for American advertisers to draw in their horns, in the light of English experience? I do not! Always remembering that in war time waste and foolish buying must be eliminated, there is no reason why a business should not go ahead full speed.

In Great Britain the firms which never faltered have had results to justify their faith, and those who were frightened by the prospect have suffered. The longer the war lasts, the greater the gross volume of business seems to be—due, perhaps, to the more equitable distribution of wealth among all classes, which the war brings about.

ADVERTISING LIBERTY BONDS

John Ring, Jr., the clever publicity manager of the Mercantile Trust Co., St. Louis, in his talk on "The F. A. A.'s Part in the Future Issues of Liberty Bonds," urged the members to take an active part in the campaign of future bond issues. Among other things he said:

The publicity work should be a unit distinct from the advertising work, though of course there should be a knowledge in each department of the work of the other. They are akin,



IT IS THE FIRM RESOLVE OF THIS BANK TO DO ALL IN ITS POWER TO PROMOTE THE INTERESTS AND ADVANCE THE WELFARE OF ITS PATRON BANKS AND OTHER DEPOSITORS

CORRESPONDENCE ANSWERED THE DAY IT IS RECEIVED

54 YEARS A NATIONAL BANK

RESOURCES \$56,000,000.00

THIRD NATIONAL BANK of ST. LOUIS

Unusual form and shape in advertising copy attracts attention

though not the same. The ablest men in the news field—editorial and advertising executives and copy-writers—should be enlisted either voluntarily or on salary. Men of 100 per cent. ability should be gotten, not mediocre talent. The present crisis demands the ablest men we have in America.

SAVING IN THE SCHOOLS

Philip J. Lawler, manager of the School Savings Department of the Bank of Italy, introduced his remarks on "The School Savings System" with the following tribute:

The Associated Advertising Clubs of the World, through their official publication, state they believe that advertising is public service and advertising men are "public servants." Should their right to this distinction be questioned by anyone, let him consider the wonderful contribution to humanity by advertising men in the present titanic struggle for the freedom of mankind. The "Ad" men are rendering service to our Government and its Allies well nigh incalculable and thereby have earned the gratitude of one, who as spokesman for the liberty-loving people of the world, recognizes the advertising men "as valu-

able and loyal allies in bringing the country to a common spirit and purpose." I refer to a great co-worker in the public service and the noblest type of public servant—Woodrow Wilson.

Mr. Lawler's address was a strong appeal for the enlisting of the school children in the great campaign of thrift.

THE TRUST COMPANY FIELD

Carl W. Art, manager of publicity for the Union Trust Co., Spokane, concentrated a lot of sensible and practical advice in his talk on "Campaigning for Trust Business." After speaking of the indifference of the general public and the necessity of impressing them with their need of the facilities offered by the trust companies, he said:

The general public seems most in need of education regarding the Trust Department. Few realize how the modern trust company, with its sound business methods and accounting, is replacing the incompetent novice who must learn by experimenting with his first trust. The contrast is great—with longevity, efficiency

and dependability on the side of the corporate trustee—and it would seem an easy matter quickly to convince an entire community. Strong precedents, however, are not so easily broken. The trust company is called upon to change the habits of generations disposed to entrust such cares to individuals, usually close relatives or friends. Still more difficult, it must broach a subject which the average person tries to put as far out of mind as possible—the likelihood of death.

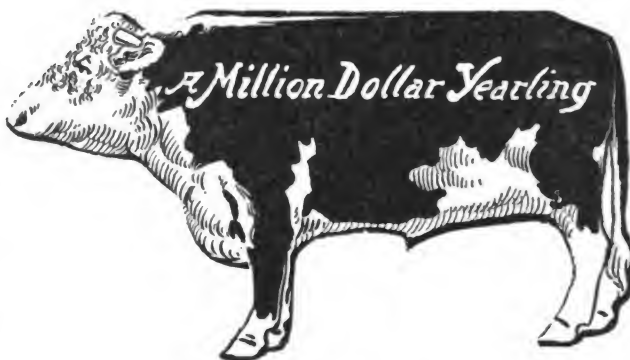
One of the most prolific fields for trust "copy," therefore, may be found in bringing out the points of superiority of the corporate executor and trustee over the individual. The more strikingly natural and human these arguments can be made, the more direct will be their appeal. It really is not difficult to show how the trust company excels "Brother John" or the eldest son, when it comes to knowledge about closing estates, investigating investments, keeping trust accounts and handling all kinds of property.

OTHER ADDRESSES

Timely and interesting addresses were also made by Guy W. Cooke, of the First National Bank, Chicago, the retiring president; Paul Pflueger, of the Humboldt Savings Bank, San Francisco; Francis R. Morison, Cleveland; Claude M. Davenport, of the *Financier*; Lloyd H. Mattson, of Omaha; T. H. Yull, of the Canada Trust Co., London, Ont.; W. S. Kirkpatrick, of Portland; Dave S. Matthews, of the Farmers & Merchants Bank, Stockton, Cal.; A. B. McCallister, of Los Angeles; C. R. Stuart, of the Bank of Italy, and M. A. Holderness, of the Third National Bank, St. Louis.

ADVERTISING DISPLAY AWARDS

The committee made the following awards in the advertising display: In the



A clever folder cut-out of the Live Stock State Bank, North Portland, Oregon. Opened, the folder contains statement and remarks about the bank's "First Birthday"

individual exhibit by members of the Association, for complete display: (1) Irving National Bank, New York; (2) Guaranty Trust & Savings Bank, Los Angeles; (3) Central National Bank, Oakland, Cal. Best single piece of copy: (1) Irving National Bank, New York; (2) Bank of Italy; (3) Los Angeles Trust Co.

Exhibit of Advertising Counselors—General Display: (1) Francis R. Morison, Cleveland; (2) Edwin Bird Wilson, New York; (3) W. S. Kirkpatrick, Portland. Best single piece of copy: (1) Edwin Bird Wilson, New York; (2) Edwin Bird Wilson, New York; (3) Francis R. Morison, Cleveland.

The committee on awards were George P. Edwards, publisher of the *Coast Banker*; Russell Lowrey, vice-president American National Bank, San Francisco; Everett Sisson, of the Curtis Publishing Co. In awarding the first prize to the Irving National Bank, they made the following statement:

This award was made to the Irving National Bank by rea-

son of the magnificent completeness of its display. Too much praise cannot be given to the Irving National for the thoroughness in which they have taken up and carried out their department of advertising, and also the committee wants to compliment the Bank upon the exceptional way in which its advertising was displayed.

OFFICERS ELECTED

The following officers were elected for the ensuing year:

President, W. R. Morehouse, assistant cashier Guaranty Trust & Savings Bank, Los Angeles.

First vice-president, Fred W. Ellsworth, vice-president Hibernia Bank and Trust Co., New Orleans.

Second vice-president, William G. Rose, First National Bank, Cleveland.

Third vice-president, H. D. Robbins, New York.

Secretary, M. E. Holderness, assistant cashier Third National Bank, St. Louis.

Treasurer, C. A. Gode, publicity manager Merchants Loan & Trust Co., Chicago.

It was decided to hold the next annual convention in New Orleans.



If money talks
A bank must be
A place of great
Loquacity.

—Boston Transcript.

Banking Publicity

Special Section of The Bankers Magazine

OCTOBER 1918



Fighting and Money

Two elements are necessary to win the war—fighting and money. There is no reckoning of consequences—no counting of cost—by the fighter as he goes over the top. Death may face him, but he heeds it not.

When you buy Liberty Bonds you take no chances. Both principal and interest are sure.

The soldier risks his life to save the nation. All you are asked is to lend your money without risk.



Buy Liberty Bonds

Banking Publicity

Monthly Publicity Section
THE BANKERS MAGAZINE
253 Broadway, New York

OCTOBER 1918

By the time this issue reaches its readers, the campaign for the Fourth Liberty Loan will be at its height. It is an interesting fact that the character of the copy used in each of the four Liberty Loan campaigns has differed. It is hard to define it exactly, but we have progressed in our viewpoint the further we have gotten into the war. The present campaign is essentially "The Fighting Fourth," and the spirit of the advertising is typified by that charging doughboy with bayonet upraised, which illustrates the advertisement reproduced as a specimen of those put out by the Liberty Loan Committee of New York, and used by a number of banks in the Second Federal Reserve District. The lengthening American casualty lists and the success of the recently inaugurated all-American drive is bringing the war home to us and it is only natural that our pugnaciousness should appear in the advertising of the Fourth Loan.



WITH millions of persons now owning or about to own Liberty Bonds, the problem of their safe keeping is one which should engage the attention of every bank. It is all right to advertise to rent safe deposit boxes for that purpose. This will appeal

Hold the Scandal-Monger to the Facts

During the past three weeks the allied forces have obtained brilliant successes in the European theatre of hostilities. This, however, should not cause a single American to waver in the discharge of his duty to help win the war.

The war is not yet won, nor is its early termination in sight. The allies, of course, will win the war but the end will not come until victory is so final that all peace-loving peoples can enjoy uninterrupted liberty for generations to come.

America has two armies to fight: the enemy army on the battlefield and the enemy army of propagandists, scandal-mongers and vandals at home. The enemy on the battlefield is fought by the boys in khaki and by the collective efforts of the stay-at-homes; the enemy at home must be fought entirely by the individual efforts of the stay-at-homes.

Scandal-mongers and propagandists are clever persons; they hide behind the American flag and endeavor to back up their malicious slander and insidious lies in a most ingenious manner. Their assertions usually seem plausible because they try to give names, places and dates of the "inside facts" they pretend to know about your government and the war. If you press these scoundrels for first-hand information, they soon become vague, non-committal and pretentious. According to their assertions, the United States Government can fool you but it can't fool them. No sir! They are too clever.

These clandestine parasites who feed the brains of the enemy are injuring the welfare of your country every day. They make it harder to win the war and try to play the fruits of your endeavors into the hands of the Kaiser.

All such lies trace direct to German spies. That is why you should hold all persons who make treasonable utterances down to facts. Make such persons help you discover the sources or make them admit their falsities and then go after them. Send their names to the Department of Justice in Washington or go to the nearest responsible person whom you know to be "right" and have him help you bring these beasts of Hun treachery to the bars of Justice.





Save Now for the Fourth Liberty Loan at the

Old State Bank

EVANSVILLE, IND.

This Bank has acquired a reputation for unique and forceful patriotic advertising

to those who own Liberty Bonds of larger denominations, or those who are the possessors of other securities and important papers needing such protection, but it is out of the question for the man or woman whose holdings are so small that the interest earned does not exceed the annual rental charge for a safe deposit box. A solution of this problem seems to have been found by a number of banks, among them the Detroit Savings Bank, which advertises in the newspaper, as follows:

Thousands of people are

worried about their Liberty Bonds, afraid they will be mislaid, lost, stolen or destroyed by mice or fire. We will take care of your Liberty Bonds without charge. If you haven't a savings account here now, open one with an initial deposit of \$1.00 or more. That will entitle you to this Liberty Bond protection. You will have a receipt for the bond or bonds in your savings pass-book.

The First National Bank of New Haven, in delivering bonds of the Second Liberty Loan to those who had been buying them on the installment plan, used the outside of the envelope containing the bond as a suitable

place to convey a message of warning and to make an offer similar to that of the Detroit institution. It also urged bond buyers to keep up the regular saving habit to build up their savings account and to buy more bonds.



ANOTHER thing which can and should be advertised by banks in connection with Liberty Bonds is the conversion privilege which must be exercised on or before November 9 next. Delay in exercising the privilege will result in overburdening the banking institutions of the country and the Treasury Department and may result in losing the privilege of conversion of the 8½ per cent. bonds into 4¼ per cent. bonds entirely.



THERE SEEMS TO BE an idea that in new business work for trust companies the solicitation ought not to be so vigorous in behalf of fiduciary services as for banking functions. But really there is no sound reason for this differentiation. How often should a trust department prospect be followed up? One New York trust company in a campaign on wills followed up at intervals of not more than a month. We should think that the methods of a good life insurance solicitor might be followed. He follows up just enough not to make himself offensive, and at the same time loses no possibility of getting business.



A PROMINENT LAWYER said to a trust company officer in

a Pennsylvania city: "Lawyers are restrained by traditions that still are worthy of respect, in doing what it seems quite proper for a trust company to do *pro bono publico*." He referred to the advertising of trust functions, especially to encourage the making of wills.



THE SAFE DEPOSIT DEPARTMENT has come into increased vogue in many communities as the result of the widespread ownership of Liberty Bonds, and safe deposit boxes are being adver-

tised to a larger extent than formerly. It is well for banks to indicate in their safe deposit contracts the limitation of the liability of the bank in this connection.



THE NEED of persistence and sustained effort in bank advertising is brought out in the remark of Paul M. Warburg of the Federal Reserve Board, that "from experience of my own, I believe that I may safely say that nobody knows better than members of the Federal Reserve Board that

Why thousands of Women Bank Here

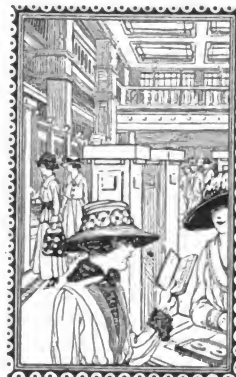
THOUSANDS OF WOMEN transact all their banking business at the "Guaranty" because of the uniformly efficient and courteous service rendered them in every department.

If you desire an account in your own name, and upon which you can check, or an interest-bearing savings account that will earn you a good rate of interest, you are sure to find what you are looking for at this Bank.

IF IN NEED of business counsel in transactions of more than ordinary importance, you will find our officers easily accessible for free consultation and advice.

These are but a few of the many reasons why thousands of Los Angeles women bank with us.

DO YOU? Our service offers you every banking convenience. It will pay you to make this Bank your down-town headquarters.



"GUARANTY"

in the center of the shopping district

SEVENTH AT SPRING

Guaranty TRUST & SAVINGS Bank

Spring at 7th St. Los Angeles

ENTIRELY
CORPORATE
TRUST

Women's accounts are now considered well worth advertising for

campaigns of education in banking exact a maximum of patience and persistence." This was said in connection with the efforts being made to introduce the trade acceptance more generally. We believe that it would be a wonderful help if every bank would publish at least one advertisement a month dealing with the trade acceptance idea.



"LEGITIMATE ADVERTISING is merely business news," says Charles Austin Bates. It merely tells something that people desire to know. If they do not desire to know it, the advertising will not pay and it will have to be stopped. It doesn't pay to advertise something that isn't good. The better a thing is, the better it pays to advertise it. If it is a good thing, it is good for people to know about it.



SIMPLICITY is a desideratum in bank advertising copy. It is well said by way of illustration on this point, that more people saw, understood and remembered the old slogan, "See that hump", than if a volume of sales argument had been written about the DeLong hook and eye. Similarly, there is many a bank slogan that sticks in your mind long after you forget the rest of the advertisement.



CONSERVATION OF CREDIT in these times is something which bankers ought to strive to encourage by means of advertising to lend only to essential enterprises. The

BY ACTUAL COUNT, CAREFULLY MADE

THE OTHER DAY, 662 PERSONS ENTERED OUR FRONT DOOR. SOME CAME TO MAKE DEPOSITS, (THE TELLER'S REPORT FOR THE DAY SHOWED OVER \$215,000.00, CARRYING THE TOTAL WELL OVER \$2,500,000.00). SOME CAME TO GET CASH. SOME CAME TO ATTEND TO NOTES. SOME CAME TO VISIT THEIR SAFE-DEPOSIT BOXES, SOME HAD BUSINESS WITH OUR SAVINGS DEPARTMENT, SOME PAID THEIR DUES IN OUR CHRISTMAS CLUB, SOME PAID THE WEEKLY INSTALLMENTS ON THEIR LIBERTY BONDS, SOME BOUGHT THRIFT STAMPS OR EXCHANGED THRIFT STAMPS FOR SAVINGS CERTIFICATES, SOME CAME TO LOOK AT THE TICKER IN OUR CUSTOMERS' ROOM, SOME CAME FOR HELP OR ADVICE IN MAKING UP THEIR INCOME TAX RETURNS. ALL WERE WELCOMED AND WE RELIEVE ALL WERE HELPED BY THEIR VISIT. THE PLEASANT THING ABOUT IT ALL IS, THAT THIS BANK IS SO CLOSELY IDENTIFIED WITH THE INTERESTS OF THE COMMUNITY THAT 662 PERSONS IN A DAY, THREE PER CENT OF THE POPULATION OF MIDDLETOWN, FIND IT TO THEIR ADVANTAGE TO VISIT US. THAT'S WHAT WE HAVE GAINED BY 117 YEARS OF PAINSTAKING DEVOTION TO THE INTERESTS OF OUR CLIENTS.

THE MIDDLETOWN NATIONAL BANK

Emphasizing the various kinds of service which help to popularize a bank

suggestions of the banking authorities, as well as the best judgment of the banker himself, emphasize the importance of this. Our credit is not unlimited and the strain that is being put upon it by the necessities of war is enormous. It must be admitted, however, that it is no easy task to decide when a business or industry is or is not necessary to the winning of the war.



ANOTHER STRONG but simple thing is a good bank emblem. A really good one is sometimes worth its weight in rubies. The National Bank of the Republic of Chicago is to be congratulated upon having adopted the famous Statue of the Republic as its emblem years ago, as the statue, originally made of plaster for the World's Fair of 1893, has been reproduced in bronze by Daniel Chester French and is to form a feature of the coming Illinois centennial celebration.

STRONG WORDS FOR ADS.

A CERTAIN advertising copywriter has prepared a list of what he claims to be "The Strongest Hundred Words in the English Language." Among the words in the list that seem usable for bank advertising are these fourteen:

- achievement
- ambition
- certainly
- confidence
- determination
- efficiency
- enthusiasm
- facts
- knowledge
- patriotism
- perseverance
- progress
- prosperity
- success



A NEAT IDEA

"I have thought of introducing a sort of profit-sharing scheme in my business."

"What is it?"

"If a clerk is with me for five years I would allow him, in addition to his salary, 1 per cent. of the liabilities."—Puck.

PULLING BUSINESS THROUGH THE WINDOW

By FRANK WILSON

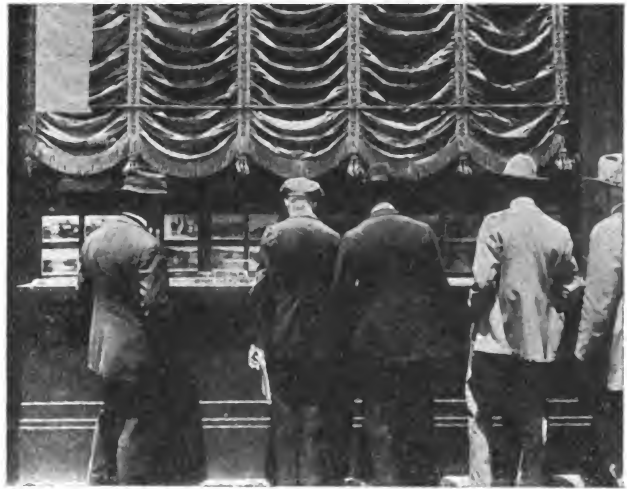
Publicity Manager Guaranty Trust & Savings Bank, Los Angeles, Cal.

NATURALLY the business of any financial institution will come through the door, no matter whether it comes by mail, messenger or personally. However, a person's desire to do business with a bank may be aroused by an appealing and instructive display in the windows of the institution and thus come "through the window."

One does not think of a bank as the kind of an institution to display its chief commodity in the windows, chiefly because at first thought it would be considered impractical to do so, which gives rise to the question, "What is the chief commodity of a bank?"

Generally speaking, the first thought in connection with a banking institution is money. To associate money with the chief commodity is, however, wrong. Notwithstanding the fact that the bank deals in money and its various equivalents almost exclusively, the fact remains that *service* is the chief factor in each and every relation of the bank's function as a national business institution.

A financial advertising man, knowing such, would make service the basic idea of any window display, and as service is somewhat intangible as an objective thing, it must be reduced in one way or another to some form that can be clearly



Bank window advertising is rapidly coming to the front. This window contains a set of war photographs which attract general attention

comprehended by the average person.

This can be done by working out some particular idea of the bank's service and featuring the idea in the window with appropriate poster cards and illustrations that attract and appeal to the prospective customers.

It is not always necessary or advisable to concentrate on the one theme of the bank's actual service; many other ways will present themselves to the mind of the advertising man.

The display, whatever it may be, should not be allowed to remain in a window longer than one week and only a certain number should be devoted to the bank's own affairs, such as booklets, advice on trust matters, mortgages, loans, foreign affairs, etc. Other windows should contain exhibits that are a service in themselves, such as up-to-the-minute national and local affairs, agricultural mat-

ters, shipping, housing, taxes, government bulletins, state maps and, during these war days, trophies, relics, maps, photographs, guns and ammunition will attract the people and impress the bank's thoughtfulness and service upon them.

A window that has attracted a vast amount of attention in this city is one of the Spring street windows of the Guaranty Trust and Savings Bank. This is a war window, containing a regular weekly service of photographs from the actual firing line in Europe, officially passed upon by the British Government as authentic and again passed by the United States censor. As may be observed in the illustration, a specially designed frame has been adopted whereby each separate photo is contained within a small frame of its own. The back is so arranged that the photos can be changed in a few minutes, which is done every

Fifth Avenue and The Bond Market

FIFTH AVENUE, New York, has long been the buying center of the United States for everything except bonds. And now it is a place to buy bonds also.

The National City Company's new uptown office at Fifth Avenue and Forty-third Street is right in the heart of the hotel and shopping district, and is provided with every facility of the Company's home office, including bond and stock tickers, financial literature and private wire connection with many important investment systems. Thoroughly equipped men and women will be glad to discuss with you any investment problem.

It is our plan in establishing this office to enable an investor to step in and buy bonds with as little trouble as he would have in buying gloves. We are bringing the market to him instead of asking him to go downtown to reach the market.

This new Fifth Avenue office offers the complete service of our national organization. We shall be happy to have you call.

The National City Company

Uptown Office: Fifth Avenue at 43rd St.
Main Office: National City Bank Building
Correspondent Office in Thirty-two Cities

BOND SHORT TERM NOTES ACCEPTANCES

A unique announcement of the opening of a new up-town office

Monday morning. The same faces may be observed looking over the exhibit week after week. It has become a habit with many people to walk a few blocks in order to view this service of the "Guaranty" Bank. Imagine the vast amount of publicity obtained from this one display.

Another service that has met with public approval was the exhibiting of regimental photographs of the different companies containing local men. These photographs are obtained from the training camps where there are a number of Los Angeles men and exhibited with appropriate settings and information. Most people having a friend or relative in the regiment whose photograph is on exhibition, will wish to know where they may obtain one similar. The name and address of the inquirer is usually taken and

full particulars forwarded by mail and at the same time another prospective customer is added to the list.

There is no doubt that such window displays in any bank are the means of attracting widespread attention; it makes people think of what they have seen and talk about it to others. It is again a repetition of the bank's service and its consequent popularity.

Many ideas are to be worked out to feature the advantages of saving. Some banks use electrical advertising signs in their windows calling attention to the value of Thrift and the Savings Department. Such, however, are getting very time-worn, and from the experience of many are rarely worth the value of the electricity consumed. Window cards in warm colors attract considerable attention when executed in the proper style.

Ordinary sign writing is worse than useless, appropriate settings must lend attractiveness, and a general snap given to the whole display.

A statement of assets and undivided surplus which runs into the millions doesn't necessarily give the man of small means any encouragement to start a savings account. Neither does 3 per cent. look very large to the man who possibly has not been able to save the first hundred. It will possibly make him feel that he will wait until he can open his account with a larger amount, which every banker knows is the main thought to combat in inducing men to start saving.

It isn't the individual account of a hundred dollars that counts, it's the ever-increasing number of such that tells. It is the volume of small depositors, who do





The Courtesy of a Bank

THERE is a kind of old fashioned courtesy, so sincere and reassuring that it is sometimes spoken of as "Southern Courtesy."

Its chief charm is its naturalness, an evident desire to please, to make you feel welcome.

There is nothing of fulsome ness in it, no appearance of condescension about it. It manifests itself principally in the evident desire to be helpful in places where help is needed.

(This is the kind of courtesy we try to show towards the patrons of this bank. We hope you will feel its influence the moment you enter the door.

*The Strongest Bank
in Northwestern Ohio*

ESTABLISHED 1864

SECOND NATIONAL BANK

One of the liberal newspaper ads. of the Second National of Toledo

not draw out their deposits, that increases the working capital of the institution.

Hence it is up to the publicity manager to make just as strong an appeal to the small depositor as he does to the larger accounts, though perhaps not through the same medium.



How Banks Are Advertising

In these columns each month current publicity matter will be reviewed and criticized

THE NATIONAL SHAWMUT BANK of Boston is developing its monthly trade report of the Port of Boston into a full-fledged publication. To the current issue Max F. Roesti of the Foreign Department contributes an important article on "The

Growing Importance of Spain and the Latin-American Republics." The Shawmut is laying plans for a complete publicity department, details of which will be announced later.

AN IDEA of the Union National Bank, Newark, N. J., was to reproduce the handsome brochure recently issued on its new banking rooms in miniature form for more general distribution.

THE ST. LOUIS UNION BANK is suggesting to the public the opening of special accounts for the purpose of meeting the 1919 income taxes. In its advertising, however, it speaks of the taxes being payable June 15, but according to the draft of the new revenue bill the tax will be due March 15 or

if paid in installments, the 15th of March, May and July. The idea is a good one, especially in view of the heavy tax under the new bill.

MRS. RALPH BEEBE, manager of the women's department of the Southwest National Bank of Commerce, Kansas City, Mo., has written a booklet on a subject rather new to bank publications, but of much importance in starting children in habits of thrift and saving. "Our Children: How Shall We Teach Them to Save and Spend?" is the title of the booklet. It advocates regular allowances for the children beginning at the age of 6, and gives tables showing what these allowances should be and for what they

THE BANKERS MAGAZINE—BANKING PUBLICITY

U.S. GOVERNMENT
AND STATE
PROTECTION



Your Income Tax

On June 15, 1919, your income tax for 1918 will be due and it will be larger than it was this year.

Why not open a *Special Income Tax Account* and set aside at regular intervals the necessary money to pay your next income tax?

Ask any of our officers to explain our plan.

St. Louis Union Bank

Fourth and Locust

This bank is making a drive for the accounts of those who are accumulating funds for the payment of 1919 taxes

should be spent. The booklet is a unique idea in bank literature.

THE ADVERTISEMENT of the Second National Bank, Toledo, reproduced in this issue, is one of a series prepared for the bank by Lewis H. Clement. The bank has a liberal advertising policy, using large and small display of a uniform character. The ball appearing in all the ads typifies the actual ball of electric fire which shines from the top of the bank's 20-story building (fuel conservation permitting).

A PATRIOTIC contribution to the bank literature of the day is a copy of the Battle Hymn of the Republic, with Julia Ward Howe's account of how she came to write the hymn. The folder also bears a reproduction of Daniel Chester French's heroic statue of "The Republic," adopted as an emblem

LIBERTY LOANS

We have handled for our customers and ourselves in the three Liberty Loans, subscriptions totalling over \$9,475,000.00. We are ready and expect to do our duty on the FOURTH LOAN.

From the statement folder of the Peoples Bank of Buffalo, showing how the bank did its bit

by the National Bank of the Republic, Chicago, which issues the folder and generously offers to furnish copies gratis to churches, Sunday schools and patriotic and charitable organizations.

UNDER the title, "The Strength of the Northwest," the Northwestern National Bank, Minneapolis, has reproduced some of its more striking ads on that subject, some of which have been reproduced in these pages. The ads are well worded and exceedingly well illustrated.

A TIMELY little booklet on "The Proper Use of the Service Flag" is published

by the Old National Bank and the Union Trust Co., Spokane. Besides being mailed direct the booklets have been placed on counters where flags are sold and wherever soldier boys and their friends congregate.



THE PAYING TELLER

"I want to know," said the grim-faced woman, "how much money my husband drew out of the bank last week." "I cannot give you that information, madam," answered the man in the cage. "You're the paying teller, aren't you?" "Yes, but I'm not the telling payer."—*Boston Transcript*.



Up-to-the-Minute

"The Neighborhood Bank"
Where Arch Street
Crosses Third

In words as fashions, the same rule will hold:
Ask lenders if you are in a bind.
Do not the first by whom the new are tried,
But yet the last to say the old aside.—Pope

If you want to meet changing business conditions, you must be "up-to-the-minute," and it is our aim to give our customers this kind of service and information.

One of the attractive designs from the statement folder of the Union National of Philadelphia

Banking Publicity

Special Section of The Bankers Magazine

NOVEMBER 1918

Bank Advertising and Foreign Trade

ONE of the remarkable developments of the war consists of the greater interest shown by the banks of this and other countries in the subject of foreign trade. This interest is manifesting itself in many ways, and it is particularly noticeable that the banks are changing both the character and scope of their advertising with the object of calling attention to their facilities for assisting in extending foreign commerce.

Even the English joint-stock banks, traditionally conservative in the matter of advertising, have changed their policy in this respect and are now advertising liberally. The great British colonial banks were first to seize the advantages of greater publicity which the present conditions offer, and they have been followed lately by the most staid of the London institutions.

In this country banks that once thought they had quite enough to do in looking after domestic interests are reaching out for foreign business and in their advertising are laying particular stress on the services they can render to dealers engaged in importing and exporting.

As a matter of fact many banks that do not regard themselves as especially concerned in foreign trade and banking are really perform-



THE serious strain will come during the period of reconstruction at the close of the War; then the situation will furnish the supreme test of wisdom and experience. THE FOREIGN TRADE DEPARTMENT of this bank is giving unusual consideration to and making comprehensive plans for the expected developments. SHAWMUT SERVICE is a recognized factor of primary importance in the banking world. This Service is at the disposal of correspondents to facilitate transactions emanating from any source in the country. Direct connection with England, Continental Europe, the Far East, Australia, South Africa and South America.

THE NATIONAL
SHAWMUT BANK
OF BOSTON

ESTABLISHED 1857

CAPITAL AND SURPLUS
\$19,500,000

Boston is falling in line

ing important functions in this respect, for they are aiding in the production and exchange of commodities which enter largely into foreign commerce.

As an impressive example of the proportions attained by foreign bank advertising, the pages of this issue of The Bankers Magazine are cited with confidence.



THANKSGIVING, 1918

THERE has been so much good news from the front lately and the Al-

lies are making such satisfactory progress that Thanksgiving Day of 1918 ought to be an occasion of special thankfulness. Banks may well make a feature of it in their advertising at that time.

In another column is reproduced an advertisement used by a West Virginia bank at Thanksgiving time last year. If we had reason to be thankful at that time we certainly have much more reason to be in that mood at this time.

Here is a suggested form of Thanksgiving bank advertisement for this year:

WHY WE ARE THANKFUL

The Blank National Bank believes that it only reflects the sentiments of this community when it sets down these four special reasons for thankfulness on the part of Americans at this time:

Military—We have an unexcelled Army and a splendid Navy, both constantly growing in size and efficiency, and both have won the admiration of our allies and the fear of our enemies.

Financial—We have successfully floated four stupendous war loans and in doing so our people have learned the true meaning of Thrift, and are practicing it.

Industrial—Our industry is now on a basis of efficiency and quantity production which means that our military forces will lack for nothing to enable them to win the war quickly.

Morale—Our people are united and ready to make any sacrifice necessary to bring about an early victory and an enduring peace.

THE BLANK NATIONAL
BANK

Banking Publicity

Monthly Publicity Section
THE BANKERS MAGAZINE
253 Broadway, New York

NOVEMBER 1918

EVERYBODY looks for a wonderful foreign trade expansion "after the war," and banks are getting ready for it. Many of them are already advertising the special features of the service of their Foreign Departments in the way of information concerning markets and credits and in the way of foreign exchange facilities. There are many American manufacturers and other business men who do not realize the opportunities which are now opening up in the foreign field. It is the privilege of the banks to advertise these opportunities and the facilities which they can offer to their customers in taking advantage of them.



WITH 25,000,000 tons of shipping under the American flag at the close of the war, there is bound to be a vast increase in our exports and imports, with a consequent increase in the foreign exchange business of the banks. It is none too soon to advertise your Foreign Department. The Corn Exchange National Bank of Philadelphia has been doing this right along. In a recent number of its house organ it said:

We are the great cement center of the country, and cement has won its place as the great upbuilding or constituent factor in all development. We are the great steel and coal producing State; we will be, be-

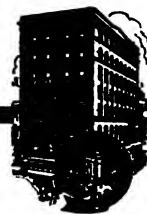
fore the war ends, the greatest shipbuilding center of the world. These three factors must be recognized as dominating factors in any world rebuilding, for they cover the materials necessary to that rebuilding, and the means whereby these materials can be transported from point of production to point of consumption. Philadelphia, as the great port of the great State of Pennsylvania, and the immediate center of the world's greatest shipbuilding production, stands to win and hold leadership in this great world-supplying campaign.



IN THESE times banks are giving a great deal of their advertising space for the use of the Government or Win-the-war agencies. One of the latest appeals in this direction is that of the U. S. Employment Service and the U. S. Public Service Reserve, which are striving to meet the labor supply problem effectively. Banks can help immensely by doing their share in their particular locality. The Government will be aided and the labor situation benefited by the coöperation of banks in publishing some of the advertisements furnished by these bureaus.



THE VALUE of window displays as a form of bank advertising is now unquestioned. This form of publicity has received a great stimulus since the several Liberty Loan and war activity campaigns. A banker who has had considerable experience with window displays is of the opinion that the bank should not use its windows exclusively for its own advertising, but that at



Be Personally Ready For After the War

Statesmen of all the fighting nations are giving some thought now to the content for commercial supremacy that will follow the war.

So should individuals, while saving and investing in War Loans, have one eye upon the future.

The value of a banking connection always depends a good deal on how long it has continued. If you do not have such a connection now, you should form it at once.

Your investments in War Loans will help win the war. Your deposits in this Bank, partly through loans to necessary business and partly through buying Government securities, will do the same thing.

Scandinavian American Bank

Toronto

100 King Street West, Toronto, Ont.
Capital and Surplus, \$1,000,000
Assets, \$1,500,000
Reserve, \$500,000

The work of reconstruction will begin shortly, in fact has already begun. Are you ready?

least half the time it should be used in the public service for patriotic, civic and benevolent projects. These things will advertise the bank only indirectly, but they will reflect credit upon the institution as a booster in the community.



THERE is plenty of good savings advertising copy material to be found in the articles by A. W. Atwood in *The Saturday Evening Post*. For instance, in a recent one there is this quotation from an officer of an industrial concern:

We keep close tabs on the men who save, for it shows a sense of responsibility and has an influence on their future. We are looking for dependable men, and the thrifty man is the dependable one.



AN ADVERTISING agency which handles the advertis-

ing of a large trust company goes about it systematically in acquiring the necessary information upon which to base its advertisements. A member of the agency's copy staff who can use shorthand goes around and interviews the heads of the various departments of the trust company. The information thus elicited is later put into typewritten form and fastened into a "copy material" book which becomes part of the permanent archives of the agency and is available for the work of preparing the advertising matter.



THERE is another form of indirect advertising which is worthy of consideration, especially since it also works for the public weal as well as that of the bank. It is well expressed by an officer of a large bank, who says: "We bankers should participate more freely in public affairs. We should attend more regularly public gatherings, show more interest in



Yes, we are thankful

We people of Bluefield and Mercer and Tazewell Counties have special reasons for thanksgiving this year

We are glad that our products are of particular value to our country now and that they have been bountiful.

We are thankful that Mercer County in both the first and second Liberty Loans was able to give such a good account of herself.

We of the Bluefield Bank are gratified that this new institution and its customers have had the measure of success that has come to us in the past few months. We also rejoice in our fine new office and its splendid location, where we are going to be able to serve our customers better from now on. Come in and see us.



THE BLUEFIELD BANK

Blind and Raleigh Streets • Bluefield, W. Va.

Reasons for thankfulness can be amplified to any extent for Thanksgiving copy



Financing Exports and Imports

The Foreign Department of the National Bank of Commerce in New York offers unexcelled facilities for financing shipments to and from all parts of the globe.

Our correspondents are the leading financial institutions of the commercial centres of the world. Our clients are thus assured of helpful local banking cooperation.

Consultation with our officers is invited.

National Bank of Commerce in New York

Capital, Surplus and Undivided Profits over \$45,000,000

The modern way of attracting the attention of those interested in foreign trade

the general activities of the community, in campaigns for better roads, in plans for civic beautification, in agitation for better schools. Let a representative of the local bank be seen at every public meeting of importance."



IMPORTANT events in the business and industrial life of a community are excellent subjects for bank advertising. An instance is the opening the other day of the new government barge line operating between St. Louis and the Gulf. Several business organizations gave luncheons, with government and city officials present. The Mercantile Trust Co. printed a special ad on the occasion which is reproduced in this issue.



How Banks Are Advertising

AN EXCELLENT map of the Western Front and a map of the United States showing the location of all forts

and camps were highly popular advertising publications put out recently by the Liberty National Bank, New York.

A GOOD POINT is brought out in this introduction to a bank's advertising booklet:

You are urged to make the message of this book a personal one. You and your deposits will be welcome here, if you belong to the class of people that banks like to do business with—that is, honest, straightforward individuals, who do as they say and say what they do. The size of your account here is not so important to us as the kind of an account that you maintain.

A WESTERN BANK in a circular uses this argument for a checking account:

When you pay by check, you do not have to wait for change—you can write a check for an odd amount as easily as for even dollars. Then again, it gets you more consideration where you do business. Checks are handled by the heads of firms, and they always notice who signs them. Therefore you get the credit that you are entitled to where you spend your money.

F. D. CONNER, of the Guardian Trust & Savings Bank,

Cleveland, says: "Gain the good will of a child, and the child will annex the good will of the father, mother, uncles, aunts and cousins. Besides, the school child of to-day will be out earning money for himself to-morrow, and I want him to think of our bank as a good place to deposit it."

THERE's a "folksy" sort of atmosphere to this sentence from the advertisement of a progressive institution: "Men, women and children find it convenient and agreeable to do banking business here—a homelike atmosphere and a disposition on the part of all our folks to serve you."

THE CASHIER of the Lake Street State Bank, of Minneapolis, Andrew Landgraf, sent out a comparative statement showing the satisfactory growth of his bank. He says in regard to this advertising:

Our savings depositors who received a copy of our comparative statement mentioned

it to the postman, to their tradesmen, and best of all made additional deposits in their savings accounts. I consider it as well to cultivate old savings accounts as to reach out for new savings accounts. We have opened up 50 new accounts in the savings department since the ad was run, which was at an opportune time between the Third Liberty Loan and the disbursement by the Minneapolis Steel & Machinery Co. of a semi-annual bonus to its 4,800 employees on September 5.

SOME EFFECTIVE small-size advertisements are those of the Second National Bank, of Toledo, Ohio. They give a few bullseye reasons for having an account at that bank.

THE CHART showing the flags of the various nations now at war, with portraits of their rulers, statistics of area, population, etc., put out by the American Exchange National Bank, New York, is an interesting and useful contribution to bank war literature.

THE NATIONAL CITY BANK of Chicago during the A. B. A. convention in that city issued a very compact guide and program of the convention which was used by visiting bankers extensively.



THE BANK PUBLICATIONS

THE First National Bank, Chicago, *Review* for August contains the first Roll of Honor of that institution, the list citing the names of 172 employees in service, of whom three have died.

The September issue of *Bankitaly Life* is the last in

The Day to Give Thanks

The first Thanksgiving Day was not a day given over to gluttony and lavish waste.

It was the devout expression of gratitude of a courageous company of men and women who had faced the dangers of the stormy sea and the unknown perils of a new land in the holy quest of Liberty.

To-day we are thankful that they found Liberty. We are thankful that we, their children, inherited this birth-right of freedom.

Now the Lust of Power threatens our inheritance. All the forces of evil have combined to rob us of our right to the pursuit of happiness. But we are not afraid.

We are thankful that we are a powerful people.

We are thankful that our young men are brave and strong.

We are thankful that our women are loyal and true.

Above all we are thankful that we are Americans. We believe that the God of Battles guides us. We will "carry on" until He says "well done."

The Savings Bank of Utica

Apropos of our great November holiday

the present form, as conservation measures impel the publishers to reduce the size for the "duration."

The Anglo - California Trust Co. has started a bank publication which the employees are invited to name. This house organ is unique in that it is produced on the mimeograph, but it contains 20 pages and is an excellent piece of work. The first issue contains an extract from W. R. Morehouse's book on "Bank Deposit Building."

Some of the bank publications contain interesting matter on local industries of interest. Thus Wachovia Bank & Trust Co.'s (Winston-Salem, N. C.) *Solicitor* prints a timely article on the making of farm fertilizer out of oyster shells, a growing infant industry.

A timely and interesting article on "The Awakening of a Great Nation" (China) is a feature of the Guaranty Trust Co.'s *Guaranty News* for September.



Type of the new *Liberator*
which serves us in the Mississippi

**A New Commercial Epoch
for St. Louis!**

The departure today for New Orleans, of the new *Steamer National* with a fleet of freight barges like the one shown above, marks a new era for St. Louis' commerce and manufacturing.

As local industries adjust themselves to the changed traffic conditions thus brought about, the Mercantile Trust Company, always watchful in the understanding of new developments, will be first to adequately meet the money new financial demands thereby created.

... ..

Help the Government! Give the new enterprise your support—ship goods by river whenever possible.

Mercantile Trust Company
Bankers and Finance
ST. LOUIS, MO. — TO ST. CHARLES

Important Industrial or Commercial events make excellent advertising copy

Banking Publicity

Special Section of The Bankers Magazine

DECEMBER 1918

PEACE

PEACE is here and with it new opportunities for business in general and the necessity for a new note in bank advertising. We don't know exactly what the future has in store, but in the opinion of many of those in a position to appraise the situation wisely, there is nothing but prosperity ahead for a long time to come.

For instance, consider the views of Mr. Baruch, who certainly has had unsurpassed opportunity for observing the trend of events in industrial and commercial lines. Millions of men will be returning to seek their old jobs, and other millions may be shifted from one position to another, but with the world's business dammed up for four years, seeking to drive through the just opened gates, there is bound to be a great flood of business.

All the nations, friend and foe and neutrals alike, want all the copper and steel they can get. Nowhere else can they get it but in the United States. All the world is scantily clothed. It must come to America to be clothed. All the world is hungry. In large measure, America can and will supply the food. America has stinted and economized and "got along" itself. Now it wants to stretch and expand and make up for lost time.

All this spells opportunity for the banks and em-



Christmas Greetings!

phasizes the need of continuing the strong war-time advertising to keep the people up to their duty and opportunity in these new times. Thrift must be kept up and increased if possible. Balances and credit must be built up at the bank, and business men must be taught to use their bank in every possible way. In the field of foreign trade alone there is wonderful scope for increased activity on the part of the banks and their customers and it is advertising which will bring this home to the business community.



THE UNION TRUST Co., Detroit, offers to accept \$1,000 in War Savings Stamps for safe keeping from any individual or corporation without charge.

SOME WESTERN IDEAS IN BANK ADVERTISING

By CHARLES A. GODDARD

THERE is hardly a bank in any town or city that does not use newspaper space regularly. Too much of it is cut and dried. Too much of it is mere keep-the-name-before-our-people sort or the usual lifeless, sermonizing class. The merchant uses his space to sell his merchandise; so should the banker. The merchant gets many of his ideas of a practical sort from his brother merchants, usually from the stores larger than his own. The banker who has not the time or the necessary help to do much original planning of advertising will do well to adapt the publicity of his brother bankers to his own institution.

The best way for the bank that is not large enough to employ a man exclusively for its publicity work is to delegate this end of the business to some employee, relieving him of sufficient duties to make possible his taking over the work. One successful bank has its advertising handled by an advertising agency. In addition, a member of the bank staff confers with the heads of the departments in the bank and then confers again with the agent. This gets the bank expert advice and still preserves the "inside" touch.

The style of the bank building does not make the impression on the public entirely. A certain policy has to be created. Once created, nothing will impress it upon the public as much as advertising and the treatment at the various windows.

In the popular magazines the cry is to print what the news-

(Continued on page 250)

Banking Publicity

Monthly Publicity Section
THE BANKERS MAGAZINE
253 Broadway, New York

DECEMBER 1918



THIS CHRISTMAS is going to be the happiest Yuletide this old world has seen for many a long year, and banks will make no mistake in putting a lot of the Christmas spirit into their advertising at this time. Not a few institutions made quite a feature of Thanksgiving, but Christmas and New Year will present an equally good opportunity for special advertising by banks and trust companies. The happiest Christmas and the brightest New Year of the century ought to provide every bank advertiser with splendid texts for optimistic and inspiring messages at this time.



DECEMBER is a busy month for bankers. One of the things which should not be neglected, however, is the making of advertising plans for the coming year. Having a definite plan and a minimum appropriation for the year is necessary for the best results. Now is the time to consult good advertising counsel and to engage the services, materials and advertising space to enable you to conduct a good campaign throughout 1919.



Liberty Day, October 12, 1918

426 years ago to-morrow Christopher Columbus discovered America.

BUT—

It has not taken Germany quite so long

Buy LIBERTY BONDS To Your UTMOST

This Bank will be open to-morrow from
10 a. m. to 3 p. m. to take subscriptions

Garfield National Bank

234 Street where
Fifth Avenue
crosses Broadway



Many banks used Columbus Day advertising successfully in promoting the Fourth Liberty Loan

PEACE problems instead of war problems will take up our attention in the new year. What effect will the return of peace have upon bank advertising? Undoubtedly competition among banks for business will be just as active as at present, if not more so. There will be new demands for bank funds. Credit will be sought for legitimate enterprises at present considered non-essential. To quite an extent the demands for reconstruction and for purposes held in abeyance during the continuance of the struggle will take the place of the industrial and commercial activity due to the war. Wages may not be as high, but in

many cases the disposition to save is more marked when earnings are restricted than when they are at a high level, and everything is on the top wave of prosperity.

Therefore, it would seem that banks can profitably advertise for both savings deposits and commercial business. Safe deposit boxes will need to be advertised more than ever because of the very large number of persons who are or will be owners of Liberty Bonds and other investment securities.



THERE is a means of advertising which is very inex-

pensive, in view of its possibilities. Quite a number of banks are taking advantage of it. Others are overlooking it. This is the use of printed advertising matter to be distributed with the customers' returned canceled vouchers and statement of balance. This plan is of special value where the monthly statement system is used. Advertising matter given out in this way is almost certain to be read and its distribution is effected without the expense of postage.

IN THEIR heart of hearts, most bankers regard program and similar advertising as something like a polite form of blackmail, and not always so polite at that. Some of them have the courage to refuse to go in for any of it. As a matter of fact, that is the only way to do if you are going to refuse at all, because if your advertisement appears in one program the burden of proof is on you, and you will have hard work to explain why it ought not also to appear in this and that other program that comes along. But it must be admitted that there are certain circumstances under which a bank has simply got to take space in a program. Listen to the president of a large national bank in a city which has been having great war-time industrial prosperity: "There are many workers in the plants of this city who have large incomes. Their union has an account with us and not a few of the men keep their personal checking accounts here. When they come in to us

and say, 'Here's a program for our annual picnic, and this is the space we have set aside for the First National Bank,' what are you going to do? Wouldn't we be foolish not to take the ad, even knowing that as a piece of publicity its value was practically nil?"

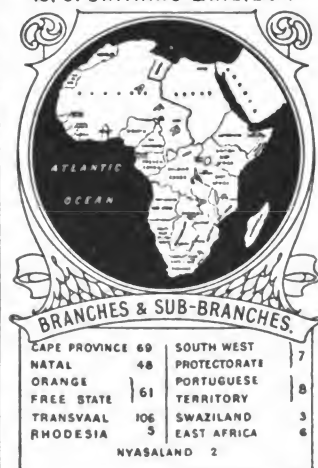
IT HAS become quite bromidic to say that bank advertising has shown great improvement in the past few years. But one who has been familiar with the New York City newspapers during that time and will give the matter any thought will realize the wonderful change that has taken place in the matter of space and copy used by advertising banks and trust companies, especially the latter. It is now a common thing to see a bank advertisement of three or four columns, 150 lines deep, and written, illustrated and set up with all the specialized skill which is to be found in the advertisements of business enterprises which are more essentially dependent upon advertising than banks are. The fact that large banking institutions in the metropolis are constantly becoming more progressive advertisers is pretty good evidence that they have found it to be a profitable investment.

It's LOOKING rather far ahead, but has it occurred to you what an incentive there will be for savings account and investment advertising along towards the end of 1922 in anticipation of the Government's paying off



HEAD OFFICE,
PRETORIA · SOUTH AFRICA
NEW YORK AGENCY,
10, WALL STREET.

LONDON OFFICES,
CIRCUS PLACE · LONDON WALL, E.C.2
18, ST. SWITHIN'S LANE, E.C.4.



CAPITAL & RESERVE
£ 3,715,000.

BANKING BUSINESS OF EVERY DESCRIPTION IS TRANSACTED AT ALL BRANCHES.

One side of a "book mark" sent out by the National Bank of South Africa, Ltd. The other side showed a panoramic view of Cape Town

the \$2,000,000,000 of W. S. S. due January 1, 1923?

Current Advertising

AN INGENUOUSLY-ARRANGED set of tables for computing total amounts of Liberty Bond coupons to aid those who have to handle them in quantities, has been issued by the National

Bank of Commerce in New York. It is called a "Liberty Bond Coupon Multiplier," and is applicable to coupons from all Liberty Bond denominations and issues, both original and converted, including the Fourth Loan.



THE UNION NATIONAL BANK, Newark, N. J., has published in pamphlet form a collection of its newspaper advertising. The copy and typographical display of these ads is excellent, though as a series they might possibly have been strengthened by a little greater uniformity.



THE BANKERS TRUST Co. of Buffalo reproduces a long newspaper story in fac simile from the Buffalo *Evening News*, as a means of publicity for its new booklet on "The First Step in Making Your Will."



DR. VIRGIL M. HARRIS, the well-known trust officer of the National Bank of Commerce in St. Louis, delivered in September before the Missouri Bar Association an address on "Some Practical Suggestions on Will Writing." This address has now been printed in pamphlet form and distributed by the bank.

THE HOUSE ORGANS

ARTHUR A. EKIRCH is the editor of *North Side Bulletin*, which has been started for the purpose of keeping the North Side Savings Bank, New York, in touch with its customers, present and prospective. In form and contents it is excellent.

Savings Union Service is one

of the really constructive and educational bank house organs. It is published by the Savings Union Bank & Trust Co., San Francisco, and devotes most of its space to useful articles on matters of large current interest.

Wachovia Bank & Trust Co.'s
Solicitor (Winston-Salem, N. C.) is issued "in the interest of Southern finance, farming and industry." It is sent in alternate months to business men and farmers.

Gaston, Williams & Wigmore's *G. W. W. Bulletin* for October contains "Shall We Have an American Merchant Marine?" by Joseph J. Slechta of that organization, and other interesting titles are, "Commerce Between Italy and the United States," "How Imports and Exports are Handled Today in England" and "China Showing Big Trade Development," by members of the staff.

Covering South America



This graphic map shows at a glance the extensive banking service in South America of the Anglo-South American Bank, Ltd. In addition to these unusual facilities, this bank has branches in the chief commercial centers of other American countries, Great Britain, France and Spain, as well as correspondents in other parts of the world.

A new branch was opened at Santa Cruz, Southern Argentina, in September.

With capital and reserves of more than \$32,000,000, the Anglo-South-American Bank, Ltd., offers exceptional facilities to American exporters and to financial institutions having no direct Latin-American connections.

1998年12月15日

ANGLO-SOUTH AMERICAN BANK, Ltd.

Head-Office
London

New York Agency, 60 Wall Street

Capital and Reserves
Cdn. \$20,000,000

Z. C.

Maps are being effectively used now to show more graphically the extent and scope of a bank's foreign service

E-E-E-YAH-TIP- AND OVER THE TOP
Farmers Bank & Trust Company

The Youngest Bank in the City. Organized 1913
Rolls Up Total Fourth Liberty Bond Subscriptions of

\$307,800.00

Our Official Quota	-	-	-	-	\$196,000
OVERSUBSCRIBED	-	-	-	-	\$111,800

STATEMENT OCTOBER 2, 1966			
RESOURCES		LIABILITIES	
Loans and Advances	\$ 4,675.00	Credit Card	\$ 1,000.00
Overdrafts	1,000.00	Unpaid Profit	1,000.00
Bank, State and Federal	12,500.00	Unpaid Profit	1,000.00
Building Fund	1,000.00	Unpaid Profit	1,000.00
Other Bank Loans	1,000.00	Unpaid Profit	1,000.00
Business Stamp	1,000.00	Unpaid Profit	1,000.00
Cash Reserve	1,000.00	Unpaid Profit	1,000.00
	\$ 25,000.00		\$ 25,000.00

We have city limits in not a back in the United States five years old in a city the size of West Palm Beach that can easily fill record. Our community is not providing but has held the field for the active community with its many leaders. An individual leader is not needed by him alone. FORTY associates in Palm Beach County. Progress and devoted leadership to the up building of this community. With our own government department, five right business centers in our building house, the people say we are MORE than a back—that we go to the front. FORTY in town. And FORTY in the confidence of the country.

WE WANT YOUR BUSINESS

T. E. MILLER, President

A. H. DODGE, JR., President

Possibly a little lacking in dignity, but—

THE BANKERS MAGAZINE—BANKING PUBLICITY



One of Several Philadelphia Sugar Refineries

AT THE Government's request, Philadelphia Bank recently participated in a syndicate loan of one hundred million dollars to finance the Cuban Sugar crop.

This is of special interest to Philadelphia's large sugar refineries with a production of one billion eighty-one million pounds yearly, but it is of greater interest to us because it assures a wider range of operations for American Banking and American Business.

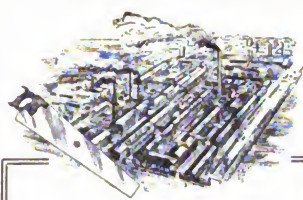
We are being educated, in spite of ourselves, to the opportunities which await us in foreign markets.

Are you preparing to secure your share of this new business?

The foreign exchange facilities of this Bank have been developed to help the pioneer, as well as those concerns already established in the field of international trade.



CORN EXCHANGE NATIONAL BANK
CHESTNUT AT SECOND ST
PHILADELPHIA



Reflecting Philadelphia's Industries

THE constant and sturdy growth of Philadelphia is strikingly reflected in its marvellous industrial concerns. More numerous and varied in their lines of output; more efficient in method and operation; and more productive than ever before, these industries, large and small, place metropolitan Philadelphia in an enviable position.

Tools—one of the many lines in which Philadelphia has attained manufacturing pre-eminence—are made here for the markets of the world—manufactured in astonishing quantities.

To the small manufacturer who plans building his business on a greater basis, we bring this example.

Disston's is the world's largest saw factory. It started in a small room distributing its product in a basket.

Our part in the development of the future Disston of the City is clear to us. We are here to encourage you in the building of your business. Not acting according to old-fashioned set rules of banking, but handling in a constructive way each individual case, after careful study and investigation.

Have you business problems to solve? Let us help you.



CORN EXCHANGE NATIONAL BANK
CHESTNUT AT SECOND ST
PHILADELPHIA

President Calwell has successfully introduced service and personality in this advertising

period of time, but when an idea of "service" strikes him he contracts for whatever space it may need for proper expression, whether it be a half column or a full newspaper page.

More often than not the copy will deal with some public question, such as local facilities for handling foreign trade, an analysis of the cold storage situation or the growth of local industries, and the name of the bank will appear simply as the signer or author of the information carried in the advertisement. But each bit of copy is timely, human and full of the punch and personality that, by inference alone, mark the bank as one whose keynote is "service."

And, note this—in every piece of copy is found the trade-mark of the bank, a picture of an ear of corn. This, too, was the idea of President Calwell. Any bit of copy, large or small, marked with this famous ear of corn is sure to be read, and the prestige of the bank gives its messages tremendous weight.



Every Philadelphian Should Thrill at a Picture of a Ship

It emphasizes the tremendous force that metropolitan Philadelphia is putting into the war.

Over 75,000 men are now employed here in shipbuilding.

Conservative authorities estimate there will be produced here, this next year 474 ships on 158 ways.

Over 2,370,000 dead-weight tons.

The cost of the Panama Canal to November 1, 1917, including fortifications, was \$427,000,000.

Estimated expenditure for shipbuilding in Metropolitan Philadelphia this next year is \$414,750,000.

Do not let these figures "go in one ear and out the other"—they mean much to the business men in Philadelphia.

We repeat an advertisement we published a year ago: "It is always the field beyond that looks the greenest."

Don't neglect your own field.



CORN EXCHANGE NATIONAL BANK
PHILADELPHIA CHESTNUT AT SECOND ST

The bank has prospered wonderfully, not alone because it advertises, but because it advertises service and "delivers the goods."



A UNIQUE POSTER

A UNIQUE POSTER issued by the Banking Corporation, Helena, Montana, is reproduced in this issue. To advertise its savings department and to encourage an early habit of thrift, this bank opens a savings account of \$1.00 for each baby born in Helena, in any of its suburban additions, East Helena and the farming dis-

SERVICE PLUS PERSONALITY IN CORN EXCHANGE ADVERTISING

UNFORTUNATELY there are still too many banks whose ideas of advertising are limited to the periodic publication of a dry, cold statement, while others use copy that while good in itself lacks the personality that stamps it as the product of the bank whose name is attached. Consequently, when we see a bank that puts personality and punch into its advertising, a bank that makes its advertising further the interests of the public rather than exalt the merits of the bank, such an institution stands out in sharp relief.

This in brief is the advertising history of the Corn Exchange National Bank of Philadelphia, and what makes it all the more striking is the fact that the "personality" that talks and breathes and moves through every piece of copy is the personality and broad-gauge human understanding of President Calwell himself. For Mr. Calwell himself writes every bit of copy the bank uses. He never undertakes a "campaign," he never contracts to use a definite space for a long

THE BANKING CORPORATION

[illegible]

This unique poster, printed on both sides, tells the whole story of the various activities of this live institution

tricts tributary. The bank states that a deposit on such an account on each birthday of as many dollars as the child is years old, with 4 per cent. compound interest, will amount to more than \$300 at the time the child reaches the age of 21.

AMERICAN BANK AD-
VERTISING

A CANADIAN bank manager, writing to the *Financial Post* of Canada, refers to articles which have taken up the question of advanced banking methods as worked out in the United States where, as he says, display windows are used for advertising purposes

as they are by retail stores, where agricultural and industrial exhibits are frequently arranged within the bank buildings and where, in general, the aggressive ideas of modern commercial business are being used to bring "trade" to the bank. In this connection he says:

Some of your articles under this heading show a lack of knowledge of Canadian banking practice, such as your several articles on "On Advertising," the tone of which would probably be more befitting the vendor of patent medicine, or, possibly a wild cat mining proposition. We think the discerning public of this country are too well served by our great banking organization to be easily deceived, or, if you will, led about by gaudy placards, catchy booklets, or, cheap blarney of the so-called

bank managers, as set out in some of the articles which you published as what was supposed to be the views of an American bank manager.

The *Post* editor adds this comment:

As previously stated, the writer is not inclined to endorse such methods as applied to the Canadian bank system as they are undoubtedly better suited to institutions which are administered under what is to a large extent individual policy. At the same time Canadian managers might well give some attention to the developments in which the American bankers are interesting themselves because there are some indications of a tendency to move along such lines to a greater extent on this side of the border.

Some Western Ideas in Bank Advertising

(Continued from page 245)

papers have so long been running under the appellation, "human interest" stories. This is the class of reading matter the public seizes hungrily.

Two years ago the Los Angeles Trust & Savings Bank ran a series of human interest

NUMBER SEVEN

**Buy sensible
Christmas gifts,
says Uncle Sam.**

**There is no more
sensible gift
than a Garfield
Savings Account.**

Open one today
at any of the
six Garfield
Banks, add to it
regularly and
give it as a
Christmas gift.

Garfield Savings Bank

No better Christmas ad than this

THE BANKERS MAGAZINE—BANKING PUBLICITY

advertisements. It was a series that surpassed by a great margin in respect to reader interest—the test of publicity—the usual sermonizing style of advertisement.

Little thrifty talks were secured from the pens of a number of the most successful business men. The success of these men added weight to the talks, and the fact that many of them were running advertisements of their own in the same issue could not help but add some more. Typographically, the advertisements were eye-catching, and they were also easily read. The names of the business men quoted were well known; therefore, their signatures were run in a free reproduction at the top in a bold style. To add newsy appearance the portraits of the men were reproduced in the respective advertisements. The business men's fac simile signatures were run under the quotations.

The specimen shown is a fair example of the series. It features the thrift talk of a man whom the majority of the readers know to be a success. His business is large and well known through his advertising. One paragraph of the quotation hooks up with the man's success:

In my own experience, the saving on a small salary enabled me to embark in the jewelry business. A definite plan of setting aside and banking regularly a fixed amount from one's income is the most successful plan of saving.

That beats as an incentive to save and deposit any sermon the bank might have said itself. There are business men in every town who will be glad to write or sign some such advice. The small bank need not go to the expense of making special portrait engravings, although in many cases you will find that the local newspaper has them. Mere type will give the necessary interest, as it will match the news section of the smaller newspaper, which will

be as limited to expense as the advertiser. Thus the bank advertisement will be in as close harmony proportionately to the news columns of the local paper as is the advertisement of the larger bank to its newspaper's news columns.

Last year the Los Angeles Trust & Savings Bank ran another series of human interest advertisements that were equally interesting and forceful as incentives to save and bank.

This series was written by the smaller successes. To get this material a contest was put on, offering prizes of cash to the persons sending to the bank the most practical and successful plans for saving. After the prizes were awarded the material was worked up into a series of advertisements that featured men and women in all positions and walks of life, as well as children. One was headed, "How a Schoolteacher Saved," "How a Mail Carrier Saved to Buy His Home," "How a Child Schooled Herself by Her Plan of Saving"—and many others. These also were very interesting reading as well as forceful appeals for bank accounts. A typical one:

Pay cash for everything. Do not live beyond your means. Never pay more than one-fifth of your earnings for rent. Never hire work done that you can do yourself. If you deny yourself a luxury, take what you would have spent and bank it. Always bank your savings; for if you keep it within easy reach you may lose or spend it. Always save one-tenth (or more) of your earnings. Form the habit of saving a certain sum each month—and stick to it.

While Uncle Sam is asking some strenuous coöperation from the savers now for war funds, the banks will inherit, as one banker says, the benefit after the war in an increased army of savers. For that reason many banks are continuing their appeals to save, coupled up with talks on the buying of Liberty Bonds and War Saving and Thrift Stamps.

The current series of human interest advertisements of this Los Angeles bank is perhaps the most interesting of any run so far—and strong in merit as advertisements.

At the time this is being written the bank has thirty-six boys in the service. Keeping track of them all, the publicity department wrote each one asking for a letter which would be suitable to print in the regular advertising space. It was suggested that the message be one suitable for the bank to use in spurring the public to the necessity of saving to win the war. Portraits of the ex-employees in uniform were secured and featured in each advertisement with the heading common to all — "doing his bit."

The soldiers were asked to write to the heads of their respective departments, or in the case of department heads themselves, to the officers of the bank. Each one wrote back a thrift and patriotic message which had more weight than a message from the bank alone. Besides, each soldier had a circle of acquaintances among the patrons of the bank and those not patrons. Printing the letters served to interest these acquaintances. In addition it showed the boys in the service that they were not forgotten and did all that a war-time bank advertisement ought to do.

This is another plan that the banker in the smaller city can adapt to good advantage, even if he has to draw on boys not ex-employees of the bank.

The Los Angeles Trust & Savings Bank is a user of direct by mail advertising as well as newspaper space. Once a day a clerk visits the various transfer concerns and lists the names of the arrivals. Promptly a letter is sent to each of these names acquainting the new arrivals with the bank and its various branches of service. As an inducement to cause the

THE BANKERS MAGAZINE—BANKING PUBLICITY

prospect to visit the bank an offer is made of a map of the city.

Not all the good work is done with the prospects directly, however; this fall a folder was mailed to each customer of the bank. This was a large reproduction of a pass book opening up into a circular a little over 13 x 20 inches in size. On the inside at the top was reproduced a patriotic series of newspaper advertisements run by the bank. In referring to this patriotic series the circular says:

You will note that our deposits have not increased over those shown in the last statement mailed you. This lack of increase is due to our unceasing and unselfish efforts to have our customers convert every available dollar into government securities—to use their money first and foremost for the winning of the war.

Clipped to the circular was a card for the use of customers in introducing a new party to the bank. A large number of these are showing up at the new account window. It is evidence of the pride taken by patrons in "my bank," an attitude that is well worth cultivating.

G. A. Brock

G. A. Brock, President of Pacific & Company, Jewelers, writes on Thrift:



"Nearly all men successful in business will tell you that their success was founded upon their first savings, without which success would not have been possible."

"In my own experience, the savings on a small salary enabled me to embark in the jewelry business."

"A definite plan of setting aside and banking regularly a fixed amount from one's income is the most successful plan of saving."

G. A. Brock

A Term Savings Account may be started in this bank with as little as one dollar. Thousands of our depositors have adopted a systematic plan of saving with splendid results.

The Bank for Everybody
LOS ANGELES TRUST AND SAVINGS BANK
6th and Spring Sts.
Branches: Second and Spring Streets, Pico Street and Grand Avenue
Commercial-Savings-Trust. Capital, \$1,000,000. Surplus, \$1,000,000

Little talks by successful men used as lessons in Thrift



-doing his bit

Somewhere in France,
August 1, 1918.

Jay Spence, Cashier
Los Angeles Trust
and Savings Bank,
Los Angeles, California.
My dear Mr. Spence:

The discipline of service is not for the soldier alone. It belongs to the civilian as well. For the Army man there is the duty of fighting—for the man at home the scarcely less important duty of saving.

To keep our army in the field requires money on a scale never dreamed of before. Those at home must supply this money. They can prove their earnestness to help us win by their willingness to sacrifice and save.

Sincerely yours,

(Signed) J. G. FOSTER.



MANAGER
Los Angeles Trust
and Savings Bank
6th and Spring Sts.

LOS ANGELES TRUST AND SAVINGS BANK
6th and Spring Sts.

-doing his bit



Kelly Field, No. 2,
San Antonio, Texas,
August 15, 1918

J. C. Drake, President,
Los Angeles Trust
and Savings Bank,
Los Angeles, California.
My dear Mr. Drake:

The better I understand the many problems of this war the more I realize how much depends upon the people behind the lines. Only a United America can defeat Germany, backed by the aid-willingly given or ordered—of every one of the hundred and fifty million people of Central Europe. And a United America means that all our people, behind our fighting men, must work—hard and still the German machine is destroyed forever.

Yours very truly,

(Signed)
H. BROWNING LANDES



Don't forget your
August W. S. S. Plaid!

LOS ANGELES TRUST AND SAVINGS BANK
6th and Spring Sts.

Two of the "Doing His Bit" ads of the Los Angeles Trust & Savings Bank

The Security Trust & Savings Bank has gotten out several useful advertising articles. One of these is a chart which the bank has copyrighted under the name, "Security Patrio-Thrift Monthly Chart." This is a handy chart for the housewife to hang in some convenient place. It covers a number of individual items of expense, allowing for daily entries, as well as the monthly items, such as rent, water tax, light, etc. Stitched to one corner of the chart is a pad of scratch paper for the wife to use in footing a day's expenditures to secure the total for entry on the chart. The charts are handed out on request at the new accounts window of the bank—it is the policy of the bank to have its material of this sort given out on call at the bank.

An automobile map of Southern California, which the bank has revised from time to time at considerable expense, has brought a number of potential patrons to the bank's windows. As is true of its other articles, as compared to less useful novelties, the nature of the article automatically picks the class of people who call.

The Security Trust & Savings Bank claims the largest

number of safety deposit boxes of any bank in the world. Over 15,000 boxes are installed and there is a capacity of 40,000. Difficulty in getting raw materials alone is holding back the greater growth of this department.

A Household Inventory blank book was gotten out in the interests of the safety deposit box department of the bank. This book makes the task of inventorying one's household goods an easy matter. Each page, or series of pages, is devoted to one room of the house and lists the various articles usually contained in that room with blank lines for the addition of others. In order to hook up it is suggested that the holder of the insurance place the inventory, with the insurance policies, in some safe—Security safe deposit box.

While this plan has helped the safety deposit box department it has also helped the trust department and others.

Speaking of the relationship between the bank and its patrons, Mr. Clarence A. Lyman the publicity manager, states that the Security and its branches sold twice as many Liberty Bonds as any other savings bank in the United States.

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